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**Economic Sanctions as Tools of Economic Imperialism**

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# **Economic Sanctions as Tools of Economic Imperialism**

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## **Abstract**

Economic sanctions have come under scrutiny in recent political scholarship. Sanction regimes are analyzed for effectiveness, intended targets, and societal impact. The theory of liberal internationalism greatly influences economic policy, foreign policy and diplomacy. Liberal internationalism can be summarized by one basic premise: states care what other states think. This shared notion has spawned a myriad of international organizations and is the lifeblood of the United Nations. The United Nations constructs norms and shared goals, presenting the consensus of a collective hegemony. Economic sanctions are a construct used to impose the general will. Little concession is made for countries that deviate from emerging norms. Historically, this aberration could be remedied by the 'might makes right' method of military force. To some degree, this military option is still in play, though it is widely discouraged by international norms. The preferred method of punishing rogue statecraft is economic sanctions, predicated on the assumption that global trade benefits all and is desired by even the most autocratic regimes. But economic punishment through sanctions can have similar effects to military action, both in the impact on civilian population and in long term financial standing of the targeted regime. Sanctions have devastating effects politically and economically, and thus seem inconsistent with a theory predicated on equality and fairness. The only mechanism protecting minority rights is the U.N. Security Council veto, which still requires the powerful to favor the marginalized over the groupthink of the international community. Sanctions stigmatize and demonize bad actors, and targeted states and individuals may find it takes decades to claw back to somewhat equal footing with the rest of the world community. The United Nations is defined by principles of liberal internationalism, and sanctions are employed to keep states in line with shared norms and goals. Despite their coercive nature, sanctions provide a useful tool that ultimately supports global liberalism.

## *Chapter 1: Introduction*

Economic sanctions are an often implemented tool of international statecraft in which states may be punished for unwanted actions or influenced to reconsider current policy. Sanctions may be used to deter nuclear proliferation, discourage unfavorable human rights practices, or pressure regime change. They can be punitive or rehabilitative in nature. Sanctions can be unilateral or multilateral, comprehensive or targeted, span for decades or end once specific foreign policy goals are enacted. The United States engaged in coercive economic statecraft well before the advent of the Cold War. The ending of the Cold War brought new hope of what sort of world would emerge after the end of a global bipolar adversarial system. Unfortunately, that world has not fully materialized, as the United Nations, European Union and other states have adopted the practice of economic sanctions as a form of punishment to non-conforming states. Economic sanctions play a vital role in establishing international norms and upholding a general consensus and therefore help preserve the post-World War II liberal international order.

For a more comprehensive look at the history of economic sanctions, the study by Hufbauer et al. (2011) is paramount. This seminal study from the Peterson Institute of International Economics refers historically back to ancient Greece in the use of economic statecraft. However, this study acknowledges that only after World War I were sanctions used instead of military action, as opposed to a part of a broader military engagement. For that reason, a more general focus on sanctions includes the twentieth century and beyond. Most authors admit the nature of sanctions changed drastically upon the conclusion of the Cold War. The world is connected through patterns of trade, communication and technology in an

unprecedented way. Adversarial patterns of behavior remain among competing dominant states, and among those with veto power in the United Nations. Despite evolving from a bipolar struggle, post-Cold War dynamics of economic coercion remain controversial.

Sanctions can be implemented with economic or political goals in mind. Hufbauer et al. (2011, 65-66) considered the following political variables: “presence of companion policies beyond routine diplomacy, extent of international cooperation on the sender, whether an international institution cooperated with the sender, presence of offsetting international assistance to the target, prior relations between sender and target, and nature of the target country’s regime (scaled autocracy to democracy) at the onset of sanctions.” Bryan Early (2015) identifies offsetting international assistance as ‘aid-based sanctions busting.’ Political motivation is often the impetus for the development of sanction regimes. Hufbauer et al. (2011) consider the following economic variables: size of sender and target countries, trade linkages, types of sanctions imposed (whether restricted trade, financial freeze or assets freeze are employed), economic health and political stability of target countries. They also examined the cost of sanctions to targets. Early (2015) considers these economic variables: ‘trade- based sanctions busters’. The impact of sanction busting will be considered below.

The popular reliance on economic sanctions provides a wealth of data to study. Frequency of sanctions has increased since the end of the Cold War, and recent sanctions are more likely to be multilateral. In order to study sanction effectiveness for future policy decisions, the research must extrapolate meaningful information from the use of economic sanctions. Thomas Weiss notes: “an ideal research world would contain meaningful data about a sufficiently large number of cases to permit comparative analyses” (Weiss 1999, 502). The issues facing sanction research includes whether or not similar cases can be subject to such

comparative analysis. The cases selected for this review provide ample support of the comparative value found in economic sanction episodes. Multiple variables can be present in the midst of sanction regimes, including military engagement, humanitarian concessions, and popular support. Sanction episodes can be long or short. They can be abandoned short of policy success or stubbornly adhered to even if success remains unlikely. Thankfully, when studying implemented sanctions and human suffering, available cases are low. Humanitarian concerns should be evaluated whether considering or evaluating sanctions. However, that does not degrade the importance of the study of the effectiveness and usefulness of sanctions as a diplomatic tool.

Ultimately, a multiple regression model can depoliticize the use of sanctions and arm policy makers with data supporting or refuting a chosen tactic for non-compliance to international standards. Policy considerations to engage in sanctions should contain clear guidelines for what goal(s) the sanctions intend to accomplish. Weiss notes, “rather than a knee-jerk rejection, researchers rather should identify conditions under which sanctions may be employed morally and measures to strengthen accountability for their use. Otherwise, there is a single coercive option: military force” (Weiss 1999, 506). Weiss makes the point that sanctions are no more or less humane than military force; the devil here is in the details and management of implementation. There is a sample size problem in comparing countries suffering from sanctions only and countries suffering from both sanctions and military conflict. Research exists analyzing the data set of recent sanctions yet differing parameters in the cases used could skew measurable results. Hufbauer et al. (2011, 51) found that the likelihood of success was often determined by how modest the goal expected. But who determines whether a goal is modest or not removes the objectivity of study.

Economic sanctions can be analyzed for their effectiveness in achieving desired goals, potential negative impacts on public health and economic viability, and theoretical validation for their use. Control variables include level of democratization of target country and sender country. Democracies are more likely to address the needs of their people (regardless of status with the international community) and are more likely to change behavior to satisfy the world community. True democratic leadership is more responsive to the needs of the people. Countries that are authoritarian or run by a small handful of political and economic elites are able to withstand sanctions by rewarding supporters as well as controlling and diverting distribution channels. This phenomenon has been identified in Haiti, Iraq, former Yugoslavia and North Korea.

Another problem with assessing a ‘proper’ policy response to actual sanctions data is the bias inherent in the political process. Policy failures can be downplayed when governments self-report their results. Original goals can be muted or misrepresented, even in democracies. There is a tendency to put policy efforts in their best light, even among well-meaning bureaucrats. Policy makers may assume that their efforts will not fall victim to the errors of past policy attempts. Policy altruism and evolutionary principle encourage the belief that new efforts will be superior to those that came before. Military engagements are often planned with the best intentions of avoiding past mistakes and minimizing casualties and collateral damage. In regards to sanctions, those who propose new sanctioning efforts expect all the benefits with none of the previously documented harmful effects. Rather than abandoning the use of sanctions, efforts to modify the coercive tool into ‘smart sanctions’ or targeted sanctions have been embraced by most policymakers.

The reason for moving to targeted sanctions is due to the negative humanitarian impact of past sanction regimes. A more complete study would compare all countries with the ability to be expanded for certain benchmarks and date ranges. A wealth of public health data compiled by the World Health Organization (2015) affords the international politics researcher to test prevailing theory and the effects of actions carried out by the community of nations. Multiple indicators of societal health allow a more thorough slope regression test to see if statistically significant. However, these studies vary in their assessment of whether a weakened regime with poor distribution to their population invited sanctions or whether sanctions are truly to blame for the lack of distribution (Alnsrawi 2012, Gordon 1999, Weiss 1999). Economic sanctions are intended to hurt to the point of changed behavior. Sanctions will be most effective if the data proves the impact does not miss the target. When the people suffer but the regime grows stronger, sanctions miss the mark. A wealth of opportunity exists in assessing the overall impact of sanctions and may ultimately challenge international theory and practice.

Many studies focus on whether sanctions work or whether they cause an independent undesired effect (like poor public health). But that belies the understanding of whether sanctions should be used at all. What happens when sanctions are examined in a multivariate study alongside other options, including diplomacy, the threat of sanctions and/or military force? Does the use of sanctions adhere to or circumvent existing international norms? Small sample size may reduce the ability to statistically analyze the effects of sanctions. In order to delve into this topic, quantitative analysis must be set aside to examine the theoretical. International norms and clarity of purpose to the international world order must be considered.

The use of economic sanctions is controversial and should not be engaged in lightly. As the world becomes more globally interconnected in the realms of commerce and trade, sanctions



have become the rod to beat the unruly state or regime. Sanctions may even be seen as a product of liberal internationalism, despite their historic applications. But should they be the shining example of this brave new world? Sanctions are an often used tool of foreign policy. They should be better understood, both in consequences and effectiveness. Ideally, economic sanctions should garner the same reticence as military action when determining foreign policy.

Scholars of international theory disagree on the theoretical basis for sanctions. Because coercive economic punishment has been utilized as part of statecraft since classical times, it is easy to apply realism to the use of sanctions. Sanctions are seen as zero-sum, with winners and losers in the world economic environment. However, most theorists would apply liberal internationalism as the basis for sanctions. After all, sanctions are employed to solidify international shared norms, and states are only punished for deviating from ideals the world community has already agreed upon. Sanction regimes themselves are constructivist. Finally, a cynical view would mention post-colonialism, as former colonial powers still exert much influence on the decision making bodies that originate sanctions. Economic coercion through sanctions is merely the modern version of colonial pressures of rich states onto poor states. International theories overlap when applied to the nature of sanctions.

This examination will begin with a look at economic sanctions over time in Chapter 2. As patterns of international cooperation and global commerce have accelerated in recent years, so has the use of economic sanctions. For this reason, the bulk of this study will focus on the past thirty years of sanctions policy. Chapter 3 examines economic sanctions in a theoretical lens. As international theory is applied to the use of economic sanctions, roots of realism, liberalism and constructivism are discovered. In addition, the perspective of post-colonialism will be applied to

the idea that current hegemons have merely established a world of haves and have-nots through implementation of sanction regimes.

Chapter 4 will discuss the pros and cons of sanction regimes. Use of economic coercion has unintended consequences that can burden the sender state more than the target in lost economic opportunities and diplomatic reputation costs. In addition, targeted states may engage in what Bryan Early (2015) calls sanction busting – the ability to satisfy economic demand through use of illicit trade networks or foreign aid. Chapter 5 considers prominent case studies of the 1990s that guide sanctions policy today, namely Haiti, Iraq and former Yugoslavia. The impact of sanctions in these countries led to the policy preference of smart sanctions today. This section will also consider two recent sanctions episodes in Iran and North Korea. Although quantitative analysis is currently lacking, successes in these episodes guide current understanding of sanctions policy. Chapter 6 will offer some concluding thoughts, suggestions for future research and policy recommendations.

## *Chapter 2: Defining Economic Sanctions*

### *The History of Economic Sanctions*

A comprehensive historical and theoretical perspective on the use of economic sanctions in international statecraft seems best presented through comparative case studies. There are some who support the general use of sanctions, such as Lopez (2012) and Pattison (2015), despite acknowledging cases where either implementation or results were less than ideal. Much of the literature seems critical of sanctions, without fully conceptualizing a world without sanctions. Sanctions offer a way to signal and impose norm compliance. Hufbauer et al. (2011) present a longitudinal study, accepting new cases while reserving judgment on the use of sanctions to other theorists. The majority of the literature revolves around the following inquiries: how/why sanctions are implemented, how/why sanctions are ignored or circumvented, and how the use of sanctions has evolved over time (Martin 1992, 4).

During the Cold War, the use of sanctions reflected the power struggle between two competing hegemonies. Acceptance of various sanctioning actions depended on which side of the fence a nation sat – the U.S. NATO alliance or the Soviet bloc. Due to the veto power of U.N. Security Council members, few sanction episodes had full support of the United Nations (Elliott 2010, 85). Most notable were sanctions on South Africa's apartheid regime, Portugal in the latter years of African colonialism, U.N. sanctions against Rhodesia, North Korea and Somalia (Hufbauer et al. 2011, 20-28). In addition, a greater reliance on cooperation and a greater desire for international consensus have emerged in the latter half of the twentieth century. As the Cold War receded into a multipolar global power struggle, instances of multilateral sanctions became more common.

Sanctions can be unilateral or multilateral. Unilateral sanctions are imposed by one sender nation. The United States is the most frequent originator of unilateral sanctions. Unilateral sanctions can become multilateral sanctions, if additional nations join a sanctions regime already in progress. In this way, unilateral sanctions may be a signaling method to other states, while soliciting their cooperation. Unilateral sanctions are easier to resist and ignore (Singleton and Griswold 1999, 88-89). Research on unilateral sanctions finds, “an overall success rate of only 34% for 116 cases of sanctions from 1914 to 1990” (Weiss 2016, 501). Weiss refers to the Hufbauer et al. (2011) data set, which reaches the same policy conclusions.

Multilateral sanctions are preferred, and are believed to work at a higher rate (Hufbauer et al. 2011, 172-173). Recent scholarship challenges this: “Though previous findings have been mixed on whether having multilateral support for sanctioning efforts makes them more successful, sender governments still frequently seek to obtain international cooperation for their sanctions” (Early 2015, 59). Whether or not they are more profitable, multilateral sanctions are more preferred. As the world has increasingly relied on cooperation, through international organizations and regional alliances, multilateral sanctions are also more widely employed.

Most authors accept that sanctions work twenty-five to thirty-three percent of the time (Hufbauer et al. 2011, Drezner 2011, Early 2015). Seemingly missing from the literature is the serious possibility of establishing global norms discouraging their use, or the understanding that sanctions are not only marginally effective but may be yet another offending strike to international cooperation and adhesion. International diplomacy fails when countries are marginalized and branded ‘rogue’ due to their own, albeit at times suspect, practice of state sovereignty. It is difficult to appreciate the global influence of the United States in supporting

freedom without leaving room for policy dissent. Those who adhere to the ideal of the equality of nations must seriously reconsider how certain nations are branded in the global marketplace.

Over the past century global trade and global political cohesion have affected the use of sanctions. Prior to the 20<sup>th</sup> century, a targeted state would not be the one punished by a world power implementing trade sanctions, as competing world powers could willingly adopt the new trade partner. The use of sanctions would seemingly only punish the state choosing to disengage in trade. Other coercive mechanisms, such as colonialism and mercantilism dominated the early period of world trade, where poorer countries were fleeced by richer nations and empires to fuel their reach. Therefore, an offending state could merely be subject to forced regime change or economic control implemented by the more powerful state. This can be seen in the Coercive Acts or Intolerable Acts imposed by Great Britain on the American colonies in 1774, along with numerous replacements of colonial governors by the controlling state.

With this historical perspective in mind, the use of sanctions may be seen as the best alternative among a set of unfavorable options. In the current international order, war must be avoided at all costs. Forced regime change and restrictive tariffs are prohibited under international norms. The use of temporary sanctions, specific to an undesired action or behavior (like nuclear proliferation), is seen as less violent based solely on undesirable competing alternatives. As a means of avoiding war, adding teeth to diplomacy, and targeting specific industries or oligarchs, sanctions are celebrated and preferred.

Liberal internationalism changed the way nations connect and trade with one another. The impact of globalization and economic interdependence is still relatively new to the field of research and scholarship. Other than specific postwar concessions, most countries were given equal footing in the post-world war economy. The League of Nations, followed by the United

Nations, ensured the international norm of ‘one state, one vote’ in presenting an international democratic ideal. Despite the relative strength of the United Nations, it is possible that true liberal internationalism was not achieved until after the end of the Cold War. Only then was the adversarial zero-sum game of competing hegemons abandoned for a more egalitarian world political economy.

Regarding sanctions, the ability to assess comprehensive sanctions was undermined by this adversarial bipolar hegemonic power struggle between the United States and the Soviet Union – all but ensuring the failure of implemented sanctions. One side refusing to trade with a targeted country merely drove that country into alliance, politically and economically speaking, with the competing hegemon. Sanctions were seen as a way to avoid a ‘hot war’, though the time period was not marked by prolonged world peace.

Recent sanction episodes are questioned for their efficacy as well as their humanity. As an alternative to war, sanctions are stringently examined for their ability to successfully avoid the negative effects of war: death, decreased public health, lost economic productivity, and strain on remaining infrastructure. Although these effects are assumed with the outbreak of military conflict, the appearance of similar negative effects from sanction episodes in Haiti and Iraq in the 1990s called the implementation of sanctions into question. Comprehensive (or blanket) sanctions were criticized for hurting the general population while those in charge of decision making were able to skirt their effects. Food and medical supplies, needed by the general population, can be diverted to military troops loyal to the regime. Worse, the lionization of the state could be used to stir up nationalist and patriotic support by the targeted regime. For this reason, sanctioning states and bodies have adopted more targeted sanctions, intended to only hurt

those loyal to a rogue regime. Also called ‘smart sanctions,’ targeted sanctions are preferred to the less precise, comprehensive sanctions.

Eriksson and Wallensteen (2015) study the likelihood that economic sanctions will lead to peaceful resolution. A spin on the question of ‘do sanctions work?’ is ‘do sanctions avoid armed conflict?’ It may be wise to consider whether armed conflict is inevitable when a country is demonized and marginalized by the world community. In order to truly achieve a democracy of nations, all nations should have the opportunity to be on equal footing, including in reputation. This may be unattainable as reputation costs follow a state from past actions. One may question whether targeted sanctions are not caught in the same political zero-sum game that dominates international competition. The authors claim, “the use of U.N. targeted sanctions is determined by Security Council politics more than by the evaluation of whether they would be the most appropriate tool. Sanctions may thus not be used in the cases for which they are most appropriate” (Eriksson and Wallensteen 2015, 1392). The politicization of the use of sanctions may undermine their very existence as a peaceful and egalitarian tool of statecraft.

Despite avoiding humanitarian concerns of broad based sanctions, targeted sanctions do not inherently lead to better results. Acceptance of these sanctions is mixed in the literature. As Eriksson and Wallensteen suggest, “further research is needed to arrive at a better understanding of how U.N. targeted sanctions are working in conjunction with the dynamics of intense conflict situations” (Eriksson and Wallensteen 2015, 1395). The authors suggest a framework for further sanctions research, yet admit the difficulty of viewing sanctions in a vacuum. Sanctions are often applied in conjunction with, or as a precursor to, military force. Correlation does not equal causation. The authors stop short of connecting sanctions and an overall concept of international imperialism that creates winners and losers in the political and economic balance of power.

Sanctions are generally credited with being useful for conflict management, but their role in conflict prevention or resolution is suspect at best. The authors conclude that sanctions play a role in conflict resolution – further research may strengthen this claim. In the sanctions cases they highlight, sanctions are naturally present in nations in conflict, and seemingly absent when the conflict reaches resolution. That does not mean that sanctions were the specific catalyst to achieve such resolution, and further study is warranted.

### *Reliance on “Smart” Sanctions*

A new form of economic sanctions is touted in removing ill effects. Smart (or targeted) sanctions “are designed to hurt elite supporters of the targeted regime, while imposing minimal hardship on the mass public” (Drezner 2011, 96). Travel bans, personalized asset freezes, and the placement of sanctions on individuals rather than states are growing in popularity. These tactics make sense within the context of the War on Terror, where individual bad actors are targeted and marginalized independent of the state. Unfortunately, there is “no systematic evidence that smart sanctions yield better policy results” (Drezner 2011, 97). Smart sanctions may be implemented with stronger policy goals, thus decreasing their likelihood of success. Sanctions with modest goals, particularly those that do not require regime change, have a greater chance of success.

Drezner (2011), among other scholars, points out that the Iraq sanctions in 1991 did not seem to work. These sanctions carried humanitarian costs (the number of deaths and the skyrocketing price of food) and sender state blame, yet comprehensive sanctions did not cause the Hussein regime to dramatically alter its policies. It is folly to assume more targeted sanctions would have fared any better. Rogue regimes often use defiance to outside international pressure as staying power. Iraq did feel the effects of targeted sanctions. Overall GDP was cut nearly in



half and Iraq had to delay its nuclear weapons program, yet Saddam Hussein remained defiant. Still, this cautionary tale is considered an ‘extreme outlier’ in the literature.

Comprehensive sanctions (as opposed to smart) seem to help authoritarian regimes solidify power and grant contracts to elite supporters (Drezner 2011, 100). The type of regime targeted also seems to matter. Over the last 30 years, 78% of sanctions are used on non-democracies even though sanctions are found most effective when a democracy is targeted (Hufbauer et al. 2011). Authoritarian states do not solicit the will of the people. Regimes that are responsible to the people generally are kept in check by the people. Smart sanctions still require further research to determine if they are truly more humane and more effective. Drezner’s (2011) advice is that the world needs to look beyond smart sanctions but does not formulate a type of sanction better conducive to compliance. Overall, Drezner is not sold on their efficacy: “[Sanctions] clearly solve the political problem of ‘doing something’ in the face of target state transgressions. They do not solve the policy problem of coercing the target state into changing its policies” (Drezner 2011, 104).

Joy Gordon (1999) reiterates the idea that Cold War sanctions were never comprehensive because targeted states could simply trade with other bloc. Haiti and Iraq sanction episodes in the 1990s led to better use of sanctions (target elites, arms embargo) yet showed the negative effects of comprehensive sanctions. Gordon (2011) cites a 1997 Brown University and Notre Dame study that considers criminal activity caused by sanctions (Gordon 2011, 318). Arms embargoes seem to do little to impact flow of arms, as the restricted trade leaves room for the establishment of a black market and higher profits for sanction busters. A 2007 study showed state actors comply only twenty-five percent of the time with arms embargoes (Gordon 2011, 321-323). Further, targeted sanctions are no more effective than traditional broad based sanctions, and

bring up new problems, like due process rights for suspected sanction breakers with no criminal history. Wallensteen (2012, 225) asserts that targeted sanctions on individuals work less than twenty percent of the time.

### *Recent Concerns of Sanctions*

The main understandable concern in regards to sanctions is do they work? Do sanctions foster compliance with international norms and values in a way that military coercion or diplomacy does not? Not surprisingly, the bulk of literature on the impact of economic sanctions involves specific case studies. An overview of the most common cases follows—results of economic sanctions manifested in these cases is instrumental in the crafting and use of sanctions today. The general consensus is that in order for sanctions to be both humane and effective, smart (or targeted) sanctions should be employed.

However, it must be addressed that sanctions do not have to force changed behavior if deemed satisfactory to the imposing state(s). There is an intrinsic value to satisfying the political pressure to ‘do something’ short of military force. Even in the war on terrorism, a targeted economic sanction to a key industry or commodity sector accused of financing illegal acts could be seen as more noble than a series of targeted drone strikes. Understanding financial networks could also have an intrinsic intelligence benefit, especially if initial sanctions do not do the trick. Assessing the political and economic capabilities of rogue states and/or regimes can assist future proposals to apply pressure to the point that leads to changed behavior. It is understood that sanctions are intended to hurt – insistence on use of targeted sanctions asserts that the ‘right’ people will be hurt. Yet targeted sanctions bring up their own issues of due process and protection of individual rights.

Recent efforts have been made by the U.N. Security Council to ensure human rights are not neglected in imposing sanctions. U.N. Human Rights norms demand egalitarian patterns of treatment, even in the imposition of sanctions. Similar to a writ of attainder, targeted individuals deserve to know why they are targeted and the chance to defend or refute the targeting. A December 2009 U.N. Resolution set up an office of ombudsperson to receive requests for removal from any targeted lists. The imposition of human rights as a check to misguided sanctions is a positive development. However, it must be noted that the ombudsperson was only created as sanctions shifted from targeting only states to targeting individuals in the war on terror – no such check exists for states long deemed “outliers” or “rogue states” by the general consensus of the international community or by the current hegemonic powers.

Another impact studied in the use of sanctions is the size of economic effect on a targeted state. The majority of sanctions have less than a 3% effect on overall GDP (Hufbauer et al. 2011, 120-124). Severe outliers exist, such as the comprehensive sanctions imposed on Iraq, but the more common effect is a muted economic impact. Yet the authors make the point that governments win and lose elections based on marginal gains: “Of course, government officials fight very hard for policy changes that might increase GDP by 2 percent, and elections are won or lost and coups staged with the expenditures of far less money” (Hufbauer et al. 2005, 105). A small change in GDP is political fuel in both dictatorships and democracies. And the mere imposition of sanctions can have a negative effect – inspiring a ‘rally round the flag’ reaction. A commonly presented example is the sanctions episode on pre-WWII Italy over the annexation of Abyssinia (Ethiopia). Mussolini successfully engaged the populace in international resistance due to the marginalization effect of imposed sanctions. Still, the modern consensus is that targeted sanctions are the preferred way to go.

The current literature suggests that targeted sanctions can be used as a diplomatic tool. These sanctions may target ruling dynastic families or their strongest supporters individually—as in travel bans or denied visas—or target specific industries and products connected to the regime. Targeted sanctions differ from comprehensive sanctions, such as naval blockades or trade embargoes. The history of economic sanctions is generally divided into two eras of international cooperation: pre-Cold War (1914 to 1990) and post-Cold War (1990 to present). Comprehensive sanctions did not exist during the Cold War era, as sanctions imposed by the United States or the West could always be ‘busted’ by turning to the contrary Soviet bloc – or vice versa. The literature generally finds that democratic countries are more likely to respond favorably to sanctions than autocratic countries. Understanding the history of economic sanctions can aid the policy maker in why sanctions are used, and what should be avoided to maximize their impact.

### *Chapter 3: How International Theory Relates to Sanctions*

The field of international relations is currently dominated in scholarship by the theories of realism, liberal internationalism, and constructivism. Realism evokes pragmatic or practical theory – states will act in their own best interests and may attempt to coerce other states to further that interest. By promoting symbiosis economically and politically, the liberal goal is for countries to rely on the continued support and connections to other countries. Put simply, countries should care what other countries think. International politics are essentially a voluntary organization, dependent on the consent of member states to agree on policy in order to implement policy domestically. Institutions and voluntary organizations constitute constructed vehicles to further international policy goals. At times, countries may become rogue outliers of the international consensus. An example would be a country seeking nuclear armament. Per liberal theory, if countries care what others think and want to engage in the benefits of global trade, then economic sanctions will be an effective way to politically shame and economically impact a target state into norm compliance.

In a post-Cold War world of general cooperation among U.N. members, countries under sanctions may not have a viable course of appeal. Economic needs and wants still exist, even if political variables place a state on the outs with the international consensus. Some manufacturing sectors cannot respond quickly or efficiently enough to bridge the gap. Black markets and increased smuggling are naturally made more lucrative within a country under sanctions – this is referred to as ‘sanction busting’ in the literature (Early 2015). Further, an oppressive regime that already controls the means of production and distribution can route the limited supply of necessary items to its supporters. There is a world humanitarian interest connected to liberal

internationalism that is concerned when countries oppress their own people, especially the powerless.

In truth, economic sanctions are intended to hurt. The question centers on whether the ‘right’ people are hurt – supporters of rogue regimes over innocent civilians. If sanctions have a general effect on public health, it should show up with statistical significance in the data. Military action often destroys distribution networks and collateral damage can impact hospitals, roads and infrastructure. Economic sanctions are not intended to target these, but over time they can affect them in similar fashion as rogue regimes allocate scarce resources to supporters and the military over the general public health and welfare. The number of years a country is under sanctions increases the ability to disrupt essential parts of the targeted country, often due to allocation of limited resources.

Recent scholarship has challenged how sanctions are used in a theoretical context. Brzoska (2003), Eriksson and Wallensteen (2015), Pattison (2015) and Elliott (2010) focus their research on the power of the United Nations in taking the lead on smart sanctions and reform efforts. Their qualitative reviews of the policy side of the debate have merit, but would be better armed with data analysis backing their claims. Unfortunately, much of the data in the field of sanctions is either too broad or too narrow. There appears to be a dearth of mid-range theorizing in regards to past sanction regimes. Although theoretical value can come from a broad array of qualitative analysis, the field currently appears to be lacking in comprehensive quantitative backing of generally accepted results of sanctions.

An area of interest for recent sanction research is the ongoing pressure on Syria. Sen et al. (2013) find progress in maternal mortality and infant mortality rates in Syria despite economic sanctions. The authors note considerable effects from both violence and sanctions impacting

multiple societal sectors, despite awareness of past sanctions crises. As in Haiti in the early 1990s, the Syrian “health sector now faces destruction from on-going violence compounded by economic sanctions that has affected access to health care, to medicines and to basic essentials as well as the destruction of infrastructure” (Sen et al. 2013, 195). Why are humanitarian concerns still overlooked? This may be due to compounding factors: military violence creates a need for health services due to wounded fighters and civilians, military activity can destroy healthcare facilities or crucial transportation infrastructure, and economic sanctions can limit the flow of goods—including medical supplies. Governments under economic *and* military siege can focus health resources on military over civilian populations. The Ministry of Health and Central Bureau of Statistics as well as the 2010 World Health Organization Statistics (Sen et al. 2013) appear to encapsulate data one to two years short of what is now impacting Syria—an ongoing sectarian civil war that has led to a mass displacement of its population. Refugee resettlement programs may shield the true impact of war and sanctions. A multiple regression study analyzing the overall impact would be of high importance, once data is available. Much of the research on sanctions seems focused on the impact during or immediately after the imposition of sanctions. More longitudinal study on lasting effects of sanctions could broaden the understanding of their full effect.

Current international support for sanctions is characterized by the role of liberal internationalism, particularly in the creation and maintenance of the United Nations. The utility and acceptance of sanctions as a coercive tool is an established norm within international relations. Constructivism also plays a role, as various sanction regimes are constructed to assist the implementation of each sanction episode. In addition, sanction regimes adhere to the notion of norm construction. The historical basis of the modern world order stems from the theory of

liberalism. Liberal internationalism rose from the Kantian notion that people can make for themselves a free, secure and prosperous world (Dunne et al. 2016, 69). But if the chance at prosperity hinges upon staying in the good graces of established world elites, can it really be said that true liberalism has been achieved? If some states are unwelcome at the table of prosperity, like North Korea or Iraq, simply due to the freedoms expressed by charismatic regimes, then it is difficult to tout a world order based on equality and true economic interdependence.

The United Nations is the crowning achievement of a century of striving towards liberal internationalism. An organization of independent states, debating norms and values that are shared in common, was first conceived in the early twentieth century in response to global warfare. Liberal internationalism won as the prevailing theory. The acceptance of the world order, from the United Nations and various intergovernmental organizations to the Bretton Woods financial framework, involved all countries in a symbiotic framework of commerce and mutual well-being.

The solution for oppressive autocracy is economic openness. As states engage in and become dependent on trade with others, they are more receptive to the values and norms adhered to by those trade partners. Autocracies changed at the barrel of a gun are often replaced by other autocracies. But when consumers and producers among the people emerge as viable stakeholders in how states engage with other states, the demand for products and trade supersedes demand for warfare. So why would liberal internationalists adhere to a system that excluded some states from trade? Or that encouraged illicit trade networks, establishing incentives for those who broke international norms and restrictions?

The growth in membership in inter-governmental organizations, proportion of states' Gross Domestic Product (GDP) in international over domestic trade, and rise in democracies



over the past sixty years speaks to a world embracing liberalism. The increased use of economic sanctions by sole actors and international institutions belies this trend. After all, liberalism does not concede that international institutions should take the place of oppressive alliances established to bully or belittle unwanted states. Does a reliance on economic sanctions as a tool of economic coercion accomplish a world system of allies and outliers, haves and have-nots? Does the shame of being branded a ‘rogue regime’ reflect the desire for egalitarianism in international politics?

The prevailing research on sanctions supports the baseline use of liberal internationalism. Hufbauer et al. (2011) finds that democracies, existing trade relationships, existing political relationships or alliances, and shared membership in international institutions make countries more likely to respond favorably to economic sanctions. Economic coercion works best among friends. Part of the theory here is that goods are not the only things in constant exchange – outward looking countries also exchange ideas. Yet Brian Early’s work (2015) refutes this idea: allies and trade partners are more likely to become third party sanctions busters, at times using the political cover of diplomatic alliance. Ignoring sanctions and strong public denouncement may need to be added to the list of accepted political and social coercive tools. Busting sanctions is seen as a set of negative actions as long as economic sanctions are seen as a positive tool of statecraft.

Economic sanctions are an overtly coercive tool, and work as a form of signaling. States wish to punish or pressure other states into different action. This pressure does not seem to stem from liberal democratic ideals. Dunne et al. posit “democracies operate internally on the principle that conflicts are to be resolved peacefully by negotiation and compromise, without resort to the threat or use of organized violence” (Dunne et al. 2016, 75). Democracies also rely

on interest groups and lobbying influences within the political system. Industries and corporations with economic stakes in open trade with other countries will exert pressure to keep those trade channels open, regardless of ideological agreement with the sanctioning regime. This applies to domestic and third party firms. Further, the proclivity to bust sanctions or shame sender states introduces a new era of free-riding with little risk of reprisal.

To what degree was the rejection of early liberal international institutions like the League of Nations a reflection of improper function? Was the League merely a blunt instrument to bully small and disempowered states into submission to establish an international consensus among the ‘winners’ of World War I? The United States did not join the League of Nations and rejected the concept of a harmony of nations emerging from realist power politics. The signatories of the Treaty of Versailles in 1919 essentially imposed sanctions on the losers in favor of giving war spoils and reparations to the victor nations. Treaties or alliances (including, by extension, NATO and the EU) reinforce a system that picks winners and losers. Those favored with the ability to join gain certain benefits not afforded to those rejected or ignored. This zero-sum game may be more reflective of traditional realism than liberal internationalism. However, Ikenberry (2011, 59-60) traces the liberal world order as far back as 1815, and asserts it will outlast American hegemony.

The United States, the leading proponent of economic sanctions, generally adopts a liberal internationalist form of foreign policy. Often, U.S. presidents guide their foreign policy in altruistic standards. Dempsey and Fontaine note, “the Clinton administration regarded its democratic enlargement agenda as a means to another goal: the goal of creating as idealistic new world free of widespread inhumanity” (Dempsey and Fontaine 2001, 8). The Bush and Obama administrations solidified the use of U.S. foreign pressure to achieve humanitarian goals. Despite

adopting a nationalist and near protectionist trade policy, the Trump administration has been strongly encouraged to pressure and punish foreign states through the use of sanctions, most notably Iran, North Korea and Russia.

In defense of U.N. sanctions, a number of sanction episodes pressured governments to respect the rights of minority groups within their borders. The Nazi repression and genocide of its Jewish population is the ultimate cautionary tale of the international community looking the other way. By preserving state sovereignty, the basic right of a dispossessed people group to life was threatened. This continued in twentieth century African and European conflicts and has created threats of potential genocide to the present day. Although the goals presented under liberal internationalism protect minority groups and smaller states, in actual practice, these ideals are suspect at best and non-existent at worst. Perhaps it is time to reassess which theory is dominant in the current world order.

Post-colonialism is in its nature a rejection of the world order. Whether exploitation is blatant or subtle, the premise focuses on the moral implications of any set of nations having sway over the sovereignty of another. If sanctions are an acceptable tool of forced coercion based on bad behavior, who gets to decide what behaviors are deemed bad? And what behaviors warrant sanctions? The ability to crush an economy, bastardize a people group, and choose winners and losers in the world order is not a far cry from the colonial system of competing hegemony. Is the U.N. merely a re-packaging of a colonial system of world powers and insignificant countries?

A common defense of sanctions, even ineffective episodes, is that the targeting country satisfies political pressure to 'do something.' Is this not the height of arrogance and essentially the driving force of the former system of colonialism? Ignoring humanitarian costs imposed upon the target state in order to satisfy domestic political wants seems inconsistent with modern

theory. Liberal internationalism is about making the world a better place. Sanctions imposed for sanctions' sake center around self-satisfaction in foreign policy. This seems inconsistent with the spread and continuance of liberal internationalism.

A prevailing flaw of liberal internationalism is that democratization is assumed. It is naively believed that all countries value equality, civic activism, and representative government. History tells a different story. The belief that all countries are on the same evolutionary path, that democracy and economic interdependence will eventually be realized across the globe centers more on hopefulness than academic research. The idea that all nations and people groups aspire to the same concept of global interdependence is not well supported.

Social contract theory unpacked to its darkest implications asserts that autocratic governments exist, to some degree, because the people want centralized direction no matter the costs. Multiple competing interests may be satisfied by an autocratic authority. Satisfying elite interests, constructing a common enemy through propaganda and rhetoric, and removing the weight of responsibility that comes with true democratic governance tickle the selfish desires of men. Liberal Internationalism assumes some degree of selflessness in world leaders. However, not all enter politics for altruistic means – even in the greatest democracies, power is bestowed and maintained by coaxing the right special interest group(s).

Another flawed assumption is that globalization and world trade are desired by all and are mutually beneficial. The greatest challenge to this line of thinking rests within the theoretical tradition of post-colonialism: The ones who benefit from global capitalism are those who own the capital. The countries that established capital and industrial bases on the backs of a colonial system could be seen as having an unfair head start on the rest of the world. The inherent fairness

of a system tied to the winners and losers of the past can be called into question sociologically and historically.

I would argue that the United Nations does not fully operate from the principles of liberal internationalism. It may appear liberal in word, but it is mostly constructivist in deed. The U.N. constructs organizations to tackle the problems of the world. It constructs norms and ‘shared’ values that all nations must embrace, or face punishment (with notable exceptions, particularly nuclear proliferation). Mostly, it constructs a system where the ‘haves’ do not fear being replaced by the ‘have nots’. From Bretton Woods to the Security Council veto, there are various mechanisms that ensure true equality is never attained. Ultimately, the U.N. and its various international organizations construct winners and losers in the global race for power and wealth. Losers may be rogue states, states unwilling to give up sovereignty when rejecting global norms, or marginalized people groups unable to fully employ principles of democratic self-determination simply due to how the borders are drawn (Catalan, Kurdistan, Palestine, Chechnya, Rohingya, and others). Further research into the nature of the world construct could benefit the breadth of the literature. Group dynamics, comparative evolutionary arcs, and other means of coercive punishment will be deferred to further study. For now, an examination of economic coercion in the form of economic sanctions will suffice.

#### *Chapter 4: Pros and Cons of Economic Sanctions*

Inherent in the literature are important questions: Do sanctions affect desired change? Do they hurt the ‘right’ people? Can they hurt the ‘wrong’ ones? Do travel bans and asset freezes inherently cause influential officials to change policy? Or do such actions merely trap otherwise pioneering officials in a failing state? Lost in the current assumptions surrounding sanctions policy is the overall impact to GDP as an accurate assessor of sanctions’ strength due to the ability and desire to target key players in a rogue regime. The pros and cons of implementing sanctions should be properly understood by all policy makers before implementing new sanction regimes. Current sanctions may need to be re-examined.

Pros include the ability to respond to domestic pressures to ‘do something’ in the face of human rights abuses or other norm violations. Sanctions are less impactful than military action, another form of coercive policy. Sanctions hold a place on the continuum between doing nothing and military attack. For that reason alone, their use is understandable. The threat of sanctions can lead to enhanced diplomacy. That threat would be less likely if sanctions were prohibited or rarely used. In that regard, sanctions on one state can serve as a deterrent to abhorrent behavior by another state.

Cons include the low rate of effectiveness – about one in three sanctions episodes achieve their desired effect. Sanctions can be long in duration and economically costly to the sender state and its allies. Sanctions could be seen as a form of imperialism, where strong established countries set the rules and norms for weaker, less established countries. In that regard, little freedom is given for norm creation by weaker states. The use of sanctions invites a quid pro quo in boycotts or trade restrictions by third party states. What if the United States, the chief

implementer of sanctions, was sanctioned for its controversial drone policy? The U.S. may benefit from being a unipolar state helping to establish a liberal order. Ikenberry suggests “in such a system, the hegemon itself is not bound by the rule of law” (Lake 2012, 249). Sanctions can also strengthen additional markets, banks and supply chains to grow while senders remove themselves from a market demand condition. Finally, sanctions can hurt the weakest among the population of targeted states.

Potential health indicators include adult mortality rate, incidence of disease, water and sanitation, among other indicators. Allen and Lektzian’s study (2013, 127) finds several negative variables present in sanctioned states: “increases in infant deaths, wastage, and stunting of children; decreased visits to medical facilities; reported cases of previously eradicated diseases, rise in percent low weight infants, deterioration of water supply or quality.” The authors then compare these variables to economic indicators:

adverse changes in income distribution, declining availability of essential goods, change in urban/rural population mix; population indicators: expansion of refugee camps or voluntary migration; governance/civil society include increased crime and repression, fewer independent civic organizations, suppression of political parties and independent media; humanitarian activities – inability to meet growing needs (Allen and Lektzian 2013, 127).

Ultimately the authors found that military conflict had a greater effect on public health than economic sanctions. Still, the public health concern remains.

International economic statecraft centers around one question: do economic sanctions work? To address this, researchers may inquire as to whether or not the imposition of economic sanctions effectively changed state behavior. Or they may look at whether economic sanctions negatively impacted a targeted state’s GDP or trade relationships. Further, researchers may study the harm done by sanctions, as measured in economic indicators or various public health qualifiers. Economic sanctions can be seen as ‘working’ simply by adding external pressure to a

state acting outside of international norms or expected behavior, regardless of how targeted regimes react to sanctions.

Are economic sanctions the most effective coercive tool? Or do they only exacerbate an already shaky regime? Does recorded suffering and hardship on the most vulnerable determine that another means of international coercion should be employed? These are the questions that affect policy decisions in how to confront bad actors in international politics. Currently, the international community favors the use of sanctions over military action. Diplomacy seems to be the ideal conflict resolution mechanism, but in the absence of willing participants there lacks a coercive means to force a diplomatic agreement. The UN Charter permits military action only in cases of state survival or self-defense to an actual military attack. Therefore, sanctions are preferable to enforce international agreements or global norms. Recent scholarship has challenged the idea that sanctions are effective and can be imposed without negative impacts to society. This brings up a persistent question in the field of international relations: are economic sanctions a humane way to force change in state behavior?

A quantitative look at sanctions centers on measured results. Do policy makers get what they want? More specifically, is the process of imposing sanctions on a rogue state worth the costs? Do elites connected to the misfit regime in question suffer? Or do economic sanctions end up hurting those already compromised by oppressive regimes? Sanctions are touted as the more 'humane' option of statecraft, as compared to military action, particularly in minimizing the suffering of civilians and non-combatants. Yet the literature differs on the extent to which sanctions affect innocent civilians. Multi-causality applies to each case, yet the decision of whether to employ sanctions continues to challenge foreign policy makers. In order to suggest



that sanctions are less humane than military action, it must be proven that sanctions have a statistically significant effect on public health.

The seminal study of economic sanctions referred to and utilized throughout much of the literature is the work of Hufbauer et al. (2011) *Economic Sanctions Reconsidered*. The third edition takes a substantial look at sanctions following the end of the Cold War. The initial entry was released in 1985, with 103 sanction episodes making up the study. Sanctions were often a Cold War staple, where effective diplomacy and coercive statecraft were non-existent and military force unimaginable. The second edition was released in 1991, leaving a substantial gap in covering recent sanction episodes since the end of the Cold War. Covering 116 sanction episodes, this edition found that sanctions work 34% of the time. However, other studies refute what constitutes a successful sanction. One question that does not seem to get much attention is how much is enough? A one percent effective rate would satisfy the question ‘do sanctions work?’ But do sanctions work to such a degree that they should be employed in the future? Is it acceptable that two out of every three sanction episodes ends in failure? Or is thirty four percent an unfairly low number, failing to quantify the political effects of ‘doing something’ to curtail the unwanted behavior of a rogue regime? Put simply, sanctions may be effective in quelling domestic or international political pressure even if they do not fully lead to changed state behavior. Multiple studies exist where the results and the ancillary effects of sanctions are measured and quantified.

The Hufbauer data set (2011) includes over 174 case studies of sanctions episodes in their statistical analysis. Quantitative data exists to show that sanctions effectively lower GDP. However, do enough studies show sanctions inherently lead to better policy? Is it possible to measure the amount of detrimental actions that almost happened but were swayed by sanctions?

The qualitative case study format is therefore not without merit. The literature finds similar claims across varying regions. Weiss (2016, 501) asserts: “A review of multilateral sanctions against South Africa, Iraq, former Yugoslavia, and Haiti suggests that sanctions in and of themselves did not bring desired changes...The contribution was substantial in the case of South Africa, considerably less in Iraq and Yugoslavia, and non-existent in Haiti. At the same time, sanctions always caused civilian pain, ranging from justifiable in South Africa to intolerable in Iraq.” Weiss questions sanctions on humanitarian grounds as well as claims of effectiveness. Again, this inspires true quantitative analysis to see if the contentions made in the literature are statistically significant. Applying similar studies to other sample sets may be of value.

#### *Analysis of Economic Sanctions*

The imposition of economic sanctions often has the practical utility of hurting the sender state economically. A potential trade partner can be removed. Sanctions have been credited as working (about 33% of the time by most research) but sanctions are much more likely to affect policy when only a modest goal is required (such as the extradition of terrorists by Libya in the 1990s) or a strong international consensus demands policy change (such as the demands on South Africa’s apartheid regime). Multilateral sanctions are found to be more effective than unilateral in most cases.

Sanctions are not a substitute for military or intelligence operations regarding regime change, as targeted regimes will often ‘dig in’ and seek sympathy from the overall populace or help facilitate lucrative illicit trade networks. Every case is different, and the ability to ‘hit them where it hurts’ is essential in determining whether sanctions will ultimately be effective. The most detrimental impact to illicit trade networks is the removal of sanctions, where profits shrink and legitimate competitors reemerge. But self-removal of a sender state from an increasingly

competitive global trade community seems merely to open doors for other trade partners. The growth of China and Dubai testify to the loss of trade by the United States due to sanctions (Early 2015). As the United States removes its economic importance to various countries it is politically or ideological upset with, the power dynamic can ultimately shift away from any legitimate hegemonic influence. If a target state no longer needs the United States for trade or security, to what degree will it submit to the U.S. lead in policy or norm creation?

The literature tends to support the concept that sanctions lead to failure in most cases. Despite achieving policy goals, which generally happens one third of the time (Hufbauer et al. 2011), the wake of illicit trade and domestic structural strain left by economic sanctions ought to discourage their use.

We conclude that there are a number of negative outcomes resulting from applying sanctions, and that they stem exactly from the fact that sanctions purport to have a general and principled justification. The six kinds of such consequences examined--susceptibility to manipulation, paternalism, abandonment of strict moral criteria, general decline in moral consciousness, a sweeping rise of violence and continuous redefining of the conditions for a final lifting of sanctions--affect not only those against whom the sanctions are directed, but also those who implement and maintain them. The result is that sanctions function as a form of siege and, as such, sanctions represent an act of war (Babic and Jokic 2000, 99).

When sanctions are seen for what they truly are, a form of economic siegecraft, the international community is forced to reevaluate the norms surrounding their use.

Not all scholars fully place the blame on economic sanctions. Von Einsedel and Malone (2006) look at the aftermath of economic sanctions in Haiti and conclude the fault lies with the inability of domestic actors to step up and lead their country back to prosperity or at least stability. Even when determining pros and cons, it is important to consider other factors at play, like ineffective governance.

This case presents an instance in which UN operations were broadly successful, but in which the patient failed to recover and eventually collapsed fully in 2004 requiring massive renewed international intervention. While it provides sobering lessons on the UN's readiness for

overseeing long-term peacebuilding, the main responsibility for failure, in our view, lies with Haitian political actors (Von Einsedel and Malone 2006, 154).

The authors applaud U.N. efforts to engage regional authorities, in this case the Organization of American States, in carrying out efforts of economic punishment, humanitarian monitoring, or reconstruction. However, these authors focus more on the nation-building process, and decry the severity of military and economic coercion in Haiti. Sanctions are but one part of that equation. Many scholars wrestle with controlling for societal damage from military activity, which permeates many cases of sanctions. Most place the burden of state building on the state itself. That may be exceptionally short-sighted considering the economic and social ramifications burdening a state under sanctions. If the international community is truly interested in economic development, the negative effects of sanctions ought to be more closely examined.

Comparative study has enacted some policy change. The same authors applaud a better use of sanctions:

Alongside the Iraq sanctions regime, admittedly much more severe in its humanitarian impact, the Haiti case reinforced the UN's growing ambivalence towards mandatory economic sanctions... the Security Council has never again resorted to such crude measures and it has since developed and refined targeted sanctions, mostly in the form of travel and financial embargoes (Von Einsedel and Malone 2006, 162).

However, this may merely be a case of changing policy just enough to stay ahead of the research. Haitian sanctions failed because bad actors on the ground were able to circumvent restrictions and use the embargo to their advantage. Targeted sanctions intend to hurt the bad acting ruling regime, but are they more successful in doing so? Entrenched power brokers have more channels available to avoid intended ill effects.

In the literature, the negatives seem to outweigh the positives: "Following the experience with sanctions in the 1990s, critics began...arguing that sanctions are a potentially immoral foreign policy tool that indiscriminately and unjustly targets poor and innocent elements of

society” (Allen and Lektzian 2012, 121). In addition to studying their effectiveness, the morality of sanctions is often questioned. Allen and Lektzian (2012, 133) state, “sanctions are less likely than military conflict to result in deaths, but by reducing resources they can have a comparable effect on the ability of individuals to lead healthy lives.” In determining whether sanctions should be used as a tool of economic statecraft, ‘better than war’ is still a very low bar to set.

Susan Allen and David Lektzian (2012, 123) offer a generalized theory: “Economic Sanctions will have a negative effect on health outcomes.” Their study focuses on effects of sanctions on food supply from 1990 to 2007. By their own admission, the authors find most studies on sanctions, “more anecdotal and largely done in case study form” (Allen and Lektzian 2012, 132). Where the literature seems to fall short is in comparing countries under sanctions to themselves in regards to prior benchmarks of public health, rather than comparing countries under sanctions to the international community as a whole. One might suggest a more comparative trend analysis scoring all countries over a given number of years on public health measures. That way, general changes in policy, such as regional efforts to embrace universal healthcare by the European Union in the early 2000s, will not risk the data being merely anecdotal.

As mentioned above, there are multiple detrimental effects left in the wake of economic sanctions. Marginalization and exclusion from the world economy, the development and strengthening of domestic illegal activity, the effects on public health, and the encouraging of power brokers to reward supporters and punish detractors are all ill effects of imposed sanctions. It is difficult to imagine a world beyond economic punishment and extraterritorial coercion. That concept is what most international organizations purport to be about. Equality and fairness are the very lifeblood of the United Nations, the World Bank, the International Monetary Fund, and

a host of other non-government organizations and international actors. But economic sanctions may provide a necessary evil that helps achieve or at least lead to a more equitable world.

### *Sanction Busting and International Consensus*

Liberal internationalism assumes a world order of general peace and cooperation. Refusal to abide by political norms may invite economic sanctions. Sanctions may be imposed by the general consensus of nations, often through United Nations decree, or by unilateral action, as the United States is in the habit of doing. However, just as adherence to international norms can be seen as a duty and expectation of states, regimes with policies at odds with the international consensus may be expected to offer resistance to outside control. The refusal to alter policy as a result of imposed sanctions, or the establishment of trade networks that ‘bust’ the imposed restrictions can be seen as heroic and patriotic in even the most oppressive of regimes. Neighboring states may disagree with the full implementation of imposed sanctions.

Bryan Early (2015) inspires a new discipline of international economic scholarship in *Busted Sanctions*. He describes two basic types of sanctions busting activity: trade based and aid based. Trade based sanction busting is when a third party stands to benefit economically from engaging in trade behavior with the target state. The impact of sanction busting on Albania’s GDP in the mid to late 1990s is a good example of that phenomenon, though some political motivation also may have been present in assisting a neighboring state.

Early describes three reasons why a state might buck the international consensus: “(1) a political interest in undercutting the sanctions against the target, (2) whether trade-based sanction busting on behalf of the target is profitable, and (3) whether third-party governments have the resources to offer extensive foreign aid to target states” (Early 2015, 63). The last point is crucial. Although the aid based support given Cuba by the Soviet Union to undermine U.S.

sanctions during the Cold War is a popular conception of sanctions busting, it is found to be the exception, not the rule. In most cases, states will pursue what is in their best interest, both politically and economically. Although states may share political solidarity with a targeted state, that does not mean they will have the economic ability to financially support the target, particularly through an extended period of imposed sanctions.

Sanctions can be avoided by the target state by seeking neighboring states to bust through economic barriers. This is a lesson that should be understood when imposing sanctions on regional hegemons, like Iran and Russia. Regional powers can pressure existing economic partners to come to their aid. Despite the general international consensus of supporting apartheid era sanctions, South Africa essentially forced landlocked neighbors to sanction bust in exchange for port access. Smuggling and mislabeling the source or final destination could easily be achieved by a state dependent on the target state. Iran may not have ‘forced’ assistance from the U.A.E., but the economic incentives were too great to pass up. Bryan Early (2015) split the U.A.E. sanctions busting into two periods: 1979-1994 and 1994-2005. Most surprisingly, the U.A.E. continued to operate as an economic lifeline to Iran even after the ruling regime signed a mutual security pact with the United States in 1994. As it turned out, the security pact granted the U.A.E. the political cover to continue to engage in busting.

Originally, Early (2015, 93) found “Iran uniquely vulnerable” to US sanctions. Iran suffered from import and export dependence prior to 1979, leading the initial two years of sanctions successful in releasing hostages and hurting Iran’s economy. As Iran moved into the 1980s, alternate economic partners were found to fill the gaps left by the United States. Australia, Japan, Netherlands, U.K. and Italy filled trade gap left by U.S. self-removal (Early 2015, 97). In the U.A.E., Dubai’s free port status and lack of comprehensive cargo inspections

‘unless suspicious’ made it a prime candidate for sanctions busting. Its laissez-faire policy combined with geographic proximity to Iran made satisfying Iran’s demand for trade too lucrative to pass up. To fully conceptualize the disparity of policy to action, while Emirati soldiers helped to liberate Kuwait its traders helped to resupply Iraqi regime (Early 2015, 105). The Abu Dhabi government gave Iraq billions while Dubai merchants set up trade with Iran (Early 2015, 111). Oddly enough, the very freedom that America purports to spread was practiced by Emirati traders in establishing a vibrant economic market. The implications of exactly what sort of freedom America spreads in stubborn reliance on coercive diplomacy and economic sanctions can be left to further interpretation.

For the same reasons, China became a leading sanctions buster with Iran, due to economic opportunity (not political or ideological wants), imports of fossil fuels and demand for export products and manufacturing. China, despite its reliance on a Marxist style command government, has engaged in economic diplomacy since the 1970s. China is an excellent example of a state willing and able to fill the trade vacuum left by American imposed sanctions. In the case of Iran, despite the political animosity, sanctions in the 1980s effectively removed the United States as a trade partner and opened the door for other states to fill the void. Even if sanctions succeed in achieving their political goals, the economic harm done to the sanction imposing state may reduce its reliance in the future.

Economic sanctions are rarely enforced within target states and third party sanctions busters. Economic interests often supersede political ones. Even where political interests align, as in the case of the U.A.E. over Iran, the economic fruit is just too sweet to pass up. Despite years of sanctions busting behavior and the loose economic policy that enabled it, Iran remains a



top strategic threat to the U.A.E. Thus, the strategic military alliance with the United States made sense, despite undermining the alliance through trade relationships to Iran.

In addition to local economic policy and the lack of federal enforcement, several global firms got into the act in busting sanctions. Even U.S. firms, like Halliburton, found the geographic proximity and lack of government oversight of Dubai attractive enough to move their headquarters there (Early 2015, 129). Dick Cheney and Halliburton circumvented the spirit of US sanctions on Iran by electing to operate outside of domestic U.S. scrutiny. As a CEO of a multinational corporation, Cheney was very critical of sanctions: “We should look upon the capacities and capabilities and the desire of American businesses to be involved around the world as a valuable asset and not as a club that we can use to punish those who disagree with policies of goals or objectives of the United States” (Singleton and Griswold 1999, 27-28). As Vice President in the Bush Administration, Cheney softened his stance on the use of economic sanctions.

The growth and importance of Dubai and the United Arab Emirates (U.A.E.) in the Middle East and global economy strengthened through the black market of busted sanctions set up with Iran. There was a belief in Dubai that U.S. “could not or would not punish sanction-busting violations” or set up a ‘don’t ask don’t tell’ environment where everyone does it, yet no one admits it (Early 2015, 116). A Dubai trader was quoted as saying, “U.S. sanctions slowed things down and forced importers to use middlemen, so prices jumped some 30 percent, but they really did not stop much” (Early 2015, 117). This supports the economic theory that where demand exists, supply will fill it. Examples of desired American goods include: GE, HP, and American made PCs and servers. All of these products proved to be available, but at a higher price premium and procurement delay. For the American firm, outside looking in, it could have

resented the profit increases to middlemen and distribution networks, or taken on a policy of plausible deniability in that everyone wins. However, most corporations operate ‘for profit’ so eventually the strain to recover lost profits to satisfy market demand merely due to parent country foreign policy preferences would lead to a large scale lobbying effort or a clandestine reliance on redistribution. Externally, corporations could pressure their host governments regarding free trade and tax policy. Internally, they could consider relocating to a more commerce friendly environment, such as the Free Trade Zone established in Dubai.

This does not mean that the sanctioning government had no means of enforcement. Early (2015) supplies a list of products that the U.S. Department of Commerce prosecuted in attempts to curtail sanctions busting behavior. These include “fire alarm system equipment, gas turbine parts, bone densitometers, computer parts, [and] mini photo labs” (Early 2015, 118). The years of prosecution include 1995 to 2002, showing the U.S. government was well aware of sanction busting occurrences between Iran and the U.A.E. Like the trade in illegal narcotics, these prosecution efforts hampered but did not eliminate illicit activity.

To back up the claims of local traders, there was an extremely low rate of enforcement. As Early (2015, 121) found,

sanctions busters operating in the UAE thus appear to have needed little subterfuge to obtain sensitive American products because the U.S. government failed to invest the necessary resources to identify, investigate, and punish most violations that took place in the country. Once American products arrived in Dubai they fell into a black hole as far as most U.S. companies and authorities were concerned.

This lack of enforcement provided “automatic deniability” on behalf of firms more interested in the bottom line than diplomacy and foreign policy. Business interests have infiltrated the political sphere at the local and international level. Firms can afford to lobby for favorable

policy, exceptions to sanctions and trade restrictions, and generally undermine U.S. foreign policy interests due to the desire of maximizing profits.

But sanction busting can also carry unintended consequences. The most stunning example is the ability of the Khan proliferation network to operate within the free trade zone established in the U.A.E. This network was deemed responsible for Libya and most of Iran's nuclear programs. Senator John Warner (Early 2015, 126) decried the impact of how the U.A.E. turning a blind eye to trade restrictions became a sore spot on U.S.-U.A.E. relations. Though the U.A.E. was of strategic military importance to U.S. interests, by setting up a favorable environment for weapons and nuclear proliferation trade, the U.A.E. became a security threat. The U.A.E. from 1995 to 2005 was seemingly in perfect position geographically, politically and economically. Iran needed U.A.E. economically more than it needed Iran. Likewise, the U.S. needed U.A.E. militarily more than it needed the U.S. By sanctions busting, the U.A.E. threatened the very military and economic security it came to realize through its partnerships.

The U.A.E. played a pivotal role in undermining U.S. sanctions on Iran in regards to its nuclear ambitions (Early 2015, 131). Libya was not in the same position as it capitulated to US pressures to eliminate its weapons program. Espionage and subversion complicated matters, impacting diplomacy and the likelihood of sanctions ending. The delivery and use of the Stuxnet virus, damaging nearly one thousand nuclear centrifuges in Natanz in 2010, could be seen as an act of war (Dunne et al. 2016, 231). Though never admitted to, the sabotage of Iranian nuclear centrifuges could have lasting implications and done irreparable harm to the political goals sought through sanctions. The infiltration of German systems engineering demonstrates the willingness of Siemens, a German firm, to supply Iranian centrifuges despite policy disagreements between the two governments. Germany was later instrumental in achieving a ten

year ban from Iran in the nuclear agreement. Espionage and subterfuge therefore can undermine the success of sanctions and diplomacy.

The implementation of U.S. sanctions in 2006 increased reputation costs for countries to provide cover to firms engaging in sanctions busting (Early 2015, 132). The United States began a series of policy reforms intended to place domestic pressure on firms that shirked sanction regimes. The new U.S. Department of Energy designated “destinations of diversion concerns” applied to the U.A.E., and gave new scrutiny to countries providing ‘pass through’ services to products of restricted trade. The U.A.E. government signed a civilian nuclear assistance agreement in 2009 – and was directly pressured to limit proliferation trade (Early 2015, 134). In addition to diplomatic efforts through the Department of State, the U.S. Department of Treasury acted as a deterrent to U.A.E. banks by punishments meted out on other financial institutions that ignored rules against Iran. Since 2007, the U.A.E. government has greater enforced policies of sanction compliance.

More importantly, the U.S. influenced NATO partners to halt dual use exports to Cuba. Perhaps targeted sanctions work in restriction of goods or technology as opposed to demanding a more comprehensive ban on all trade with a target state. The increase of pressure through alliance channels gives credence to the positive effects of sanctions. This presents a use of sanctions as signaling. Sanctions can be a way to offer a united front short of military action. The United States sought European Union and U.A.E. cooperation on imposed sanctions, even if they did not fully support U.S. policy (Early 2015, 138).

Despite the presence of sanctions busting throughout U.S.-Iran sanctions, sanctions were ultimately seen as a success in facilitating the P5 plus one agreement with Iran. However, Early (2015, 141) describes Iran success as an “anomalous rather than archetypal case.” The shared goal

of nuclear non-proliferation brought more pressure to the table from E.U. members that might not support U.S. sanctions methods, but they appreciated the sought after results. Iran's history of shirking world economic and military domination can be realized in the controversial decision to alter the gauge of its train tracks to non-standard tolerances. Iran has delighted in being a political rogue, yet what is celebrated as free expression in one nation is often characterized as non-compliance to international norms in another. This hardly seems the egalitarian worldview most liberal internationalists profess to uphold.

Bryan Early (2015) appears to hedge his bets on the possibility that a full breadth of research may refute some or all of his claims. However, his theory appears roughly based on an old one: that states will generally do what is in their salient political or economic best interests. This is true of military action, political diplomacy, and alliance building. States do as they wish. Early (2015) merely applies Thucididean logic to a modern process of how states deal with and attempt to coerce one another into action. There lies a touch of pragmatism in states following economic interest or domestic commercial interest over their own foreign policy goals (a.k.a. lobbying). States want the economic and political benefits of maintaining credibility with source nations, yet if states or firms within states find they can also profit by ignoring imposed sanctions, they will do so. This was most evident in the case study of U.A.E., where politically it agreed with the U.S. sanctions regarding the security threat created by Iran, yet economically the U.A.E. benefitted by undercutting sanctions.

Early offers the following hypotheses: "In responding to U.S.-imposed sanctions, the states best equipped to provide substitute markets to targets are apt to be large, well-developed economies" (Early 2015, 68). It is less likely that the economically and politically disadvantaged states will rush to the assistance of their less fortunate, targeted neighbors. But rich economies

seeking an edge or a new source of revenue may willingly fill the vacuum of halted legitimate trade in the wake of imposed economic sanctions. In addition to supposing the size of the economy leads to the propensity to bust sanctions, the author asserts that openness of a state's economy increases their likelihood to bust sanctions. Commercial dependence on a target state assists third party states in sanctions busting. Geographic proximity also greatly influences states in the opportunity to bust sanctions – an economic opportunity sometimes too tempting to pass up. Early concludes: “The U.A.E.’s proximity to Iran, the commercial openness of its port city of Dubai, and the close commercial ties that the emirate had to Iran all facilitated in the development of an extensive sanctions busting relationship between the two countries” (Early 2015, 112). These pressures represent reasons to avoid use of sanctions, particularly if states lack the ability to enforce or manage sanctions compliance.

Imposed sanctions carry other unintended consequences. Peter Andreas (2005) identifies transnational criminal networks and connects their creation to sanction episodes. An awareness of the detrimental impacts of economic policy causes examination of the true lasting effects of sanctions. In the case of Yugoslavia, Albania profited for criminal smuggling networks in the wake of sanctions. Yet once sanctions were lifted, the economy reliant on the profits of sanctions busting were ill equipped to survive when other options presented themselves. Transnational criminal networks provide temporary relief yet do not lead to lasting regional economic dominance.

If sanctions continually produce lawlessness and weaken diplomacy as states lie for their firms, are they worth it? The propensity of neighboring states who engage in sanction busting to underreport illicit trade severely limits the ability of pure quantitative analyses. Much of the research is legitimately hampered by the lack of data on illicit trade. Ballooning black market

trade that is misreported or underreported makes it more difficult to fully analyze the impact of economic sanctions (Early 2015, 78).

Sanctions can also provide political entanglements for neighboring states. Weak neighbors may agree with the goals of the sanctioning state, yet be in a position where they cannot refuse to engage in sanctions busting due to political or economic pressure. South Africa opted for trade-based sanction busting with Rhodesia which provided some political cover – despite the state ideologically supporting Rhodesia government (Early 2015, 83). States also may engage in sanctions busting to make a political statement, even at significant cost to their own domestic economies. Under an imposed Soviet blockade, the Berlin airlift signaled U.S. resolve (Early 2015, 85). There is political value in sanctions resistance.

For trade-based busting, Early (2015) uses the example of the United Arab Emirates in busting United States sanctions on Iran. Aid-based sanction busting involves states with political incentives to undermine the goals of the sanctioning state. The most common example is the Soviet Union's economic aid to Cuba during the Cold War. Aid based busting has an economic disincentive, as it often costs the third party state to engage in sanctions busting. However, the political costs of non-action are seen as higher, particularly in the hegemonic tug-of-war engaged in by the two competing superpowers in the Cold War.

Even when political and ideological reasons exist to support a targeted state, third party states have an economic interest to engage in trade based busting (black market or loose customs enforcement or fraud) over foreign aid (direct financing that may not have a return on investment). Thus, Bryan Early (2015, 57) finds examples of aid based sanctions busting to be the exception rather than the rule: "As such, instances in which third party governments bankroll

robust efforts to assist target states in defeating sanctions are relatively rare in comparison to trade-based sanctions busting.”

There are many theoretical implications of a culture of sanction busting. The U.S. principle of rugged individualism still persists in current political culture – that it is a patriotic act to reject the consensus of world leaders. The prevalence of rugged individualism, self-determination of nations, and strong reliance on laissez faire economic policy within United States history ought to discourage the use of sanctions, particularly when presented with a less adversarial world after the end of the Cold War. With the rise of nationalist movements in the United States and Europe, it is unlikely that resistance to a majority global consensus will ever completely disappear from the political lexicon. Charismatic dictators can use imposed sanctions as proof that the world is against them, strengthening their power over their vulnerable populations. Not only can a charismatic leader gain domestic political leverage from resistance to sanctions, food shortages and economic ills can be blamed on the world order.

A surprising discovery in Early’s (2015, 144) study is just who is more likely to emerge as sanctions busters: “What’s notable is that all of the leading sanctions busters are democratic U.S. allies that possessed large economies and were heavily engaged in international trade.” His statistical model backs this up as West Germany and Japan far outstrip the Soviet Union/Russia in the numerical impact of sanctions busting episodes. Perhaps the Soviet Union intervened in instances of more strategic value. Regardless, the greatest threat to the influence of U.S. foreign policy success in relation to economic sanctions rested in the actions of allies, not adversaries. The theory centers around the prospect that economic factors, such as the demand created by limiting trade of specific goods, can lead to smuggling, profiteering and the establishment of criminal networks. Some of these networks exist in the form of multi-national corporations that



have significant political clout even with sanctioning countries. In most cases, the incentive to support or at least condone the illicit economic actions is stronger than the enforcement power or resolve behind the sanctioning effort.

Sanctions busting can be state sanctioned or less formal. Transshipments routed through less hostile neighbors can positively affect a state's GDP. Dodging the eye of regulators and customs agents is nothing new. Criminal networks and sophisticated smuggling operations can be established with or without government consent or knowledge. However, a targeted regime that is aware of the criminal operations can use existing networks to reward supporters, just as sanctions are targeted to individually pressure those same supporters.

Early (2015) finds longevity to be a leading influence in the likelihood of sanctions failure. The longer U.S. sanctions take place, the more likely a state will bust them. For example, Iran's economy in 1979 was heavily dependent on U.S. goods. The removal of the United States as a trade partner had an immediate effect on Iran's political decision making. However, as U.S. sanctions lasted into the 1980s and 1990s, Iran was forced to fill the economic vacuum left by the withdrawal of U.S. firms. Despite the passage of time, demand remains and other trading partners are sought out – some legally, some illegally. Early (2015, 153) finds multiple factors overlapping due to “commercial, political and geographic relationship” of target and third party state matter in likelihood of sanction busting. The U.A.E. became a likely candidate to sanctions bust on Iran's behalf due to its proximity, but Iran first needed the demand and the ability to satisfy it by any means necessary.

Early (2015) provides three key indicators: large economies, extensively involved in international trade, and democratic governance. Of these, democratic governance tends to be least important. However, the ability to replace the U.S. role as a commercial provider presents a

likely sanctions buster even if that state is aligned politically with the United States (Early 2015, 154). The demand offered by a prior U.S. economic relationship is a vacuum that is often filled. Economic pressure appears to supersede political pressure.

*Aid-Based Sanctions Busting: the Case of Cuba*

Regarding aid-based sanctions busting, Early's (2015) principle study challenges the Cold War notion that America's adversaries will do whatever it takes to subvert U.S. foreign policy. True, the Soviet Union was willing to bear the economic burden of supporting Cuba. But once this effort failed, the ideological similar Chinese agreed to send aid, but only if Cuba used that aid to purchase Chinese goods: "Consistent with the overarching theory, the Castro regime appears to have leveraged both trade-based and aid-based sanctions busting in its efforts to resist the U.S. sanctions" (Early 2015, 159). Aid-based sanction busting takes place when the following three conditions are met: salient political interest, market-based trade infeasible, and when the third party state can afford it. In the case of Cuba, the Cold War aid provided by the Soviet Union and China clearly fell into this category. However, in the post-Cold War period Venezuela and China increasingly demanded an economic component to the aid China was willing to provide, thus falling more in line with trade based sanction busting or at least a hybrid of the two.

In combating sanctions busting, the United States increasingly relied on intergovernmental bodies with regional clout, such as the Organization of American States, to help support sanctioning efforts (Early 2015, 163). As already mentioned, the United States enlisted support from the European Union and NATO allies to support its sanctioning efforts on Iran. The U.S. successfully pressured American multi-national corporations not to bust sanctions

in regards to Cuba. The greater the regional influence that can be applied, the greater the likelihood of success of imposed sanctions.

The combination of these actions left few choices for Castro to replace the United States as a trade partner with any nation other than the Soviet Union (Early 2015, 166-167). From 1961 to 1973, Cuba conducted 73% of trade with communist states, 48% with U.S.S.R. Firms in Great Britain, Japan and Spain profited highly from premiums of Cuban trade, supporting the argument that democratic allies are often more likely to bust sanctions (Early 2015, 169). Initial Soviet help was perhaps more beneficial to the U.S.S.R. than to Cuba. That is, until Castro learned to play the Soviets to his advantage. Ultimately, Cuba may have benefitted more from establishing regional economic alliances that would last through the Cold War period of political animosity. When the Soviet economy could no longer support Cuban aid, that aid was withdrawn. Cuba was left stranded in a bipolar world economy without a dance partner. The example of Cuba supports the idea that sanctions merely determine winners and losers in global trade. Although premium profits are generally enjoyed by sanctions busters over the target state, Castro found ways to circumvent the prevailing standard (Early 2015, 172).

Cuba was indeed an anomaly. Unless that target state leader is savvy, like Castro, to take advantage of politically charged animosities, the example it provides is quite unlikely to add to the depth of research. Soviet animosity led to self-funded subsidies on sugar, for instance paying ten times the world prices. Cuba under Castro was known to purchase foreign sugar, and then sell it to the U.S.S.R. at the friendly rates given to its domestically produced sugar. Likewise, the great discount on Soviet oil, which Cuba re-exported at a great profit, ensured Cuba was truly benefitting from the imposition of sanctions. In 1986, Cuba's oil exports were greater than sugar

(Early 2015, 174-175). Like other examples of sanctions busters in U.A.E. and Albania, Cuba took advantage of favorable political variables to benefit economically.

The Soviet Union lacked “motives and the means” to continue support even before dissolution (Early 2015, 178). In 1990-1991, the Soviet government for the first time proposed a one year plan, not a five year plan. Cuba presented a sort of reverse imperialism, where a third world state was taking advantage of a first world political motive to benefit itself in the global marketplace. Favored status with the Soviet Union ensured Cuba access to other Eastern European markets. China stopped providing foreign aid in 1966 due to a political rift with the Soviets (still some trade). Ultimately, the Sino-Soviet rift led to China (exporting primarily rice) backing out in favor of the U.S.S.R. (exporting favorably priced oil) in Cuba’s sphere of influence. When China later reemerged as a trade partner with Cuba, it prioritized its own economic self-interest, required aid to be tied to the purchase of other Chinese commodities. Not content with mere aid-based assistance, China required Cuba to boost its domestic economy through a series of strings attached. In the case of Soviet Russia, the regime was more than content to foot the bill for sanction busting in order to antagonize the United States, which originated the sanctions. Furthering the evidence that the aid was politically motivated, the Soviet Union did not support the Castro regime until after 1961 when Castro declared Cuba was engaged in a Marxist revolution (Early 2015, 172).

The ultimate goal of U.S. sanctions was regime change, determining immediately they would be less likely to work. Despite the opening of relations to post-Soviet Russia and former Eastern bloc nations, the United States doubled down on isolating Cuba from its markets in the early 1990s. But as the U.S. tightened trade restrictions on its allies, it provoked U.N. condemnation of U.S. sanctioning efforts. Canada, the E.U., and Japan were not enthusiastic

about U.S. trade restrictions in a post-Cold War world. The United States passed the 1996 Helms-Burton Act, a measure that cracked down on third party trade with Cuba (Early 2015, 184). The United States risked angering third party states by sanctions enforcement. Helms-Burton was criticized and rejected by even the closest U.S. allies.

The Soviet withdrawal of aid and economic subsidies left Cuba on the verge of collapse. Castro pursued a series of economic reforms in 1990s – with various successes and failures. Castro began to cultivate trade relationships with China and Venezuela as new sanctions busters. China was allowed secrecy over post-Cold War foreign aid, which came in the form of interest free loans and technical assistance (Early 2015, 192). The Chinese entry was one of mixed political and commercial motives, as Chinese backed loans stipulated how much must be used to purchase Chinese goods and products. China also employed this hybrid strategy with North Korea, to varying degrees of success (Early 2015, 194). Castro also cultivated a trade relationship with Venezuela.

By 2005, Venezuela's Chavez was the leading Cuban benefactor, providing "\$1.7 billion worth of yearly oil concessions" (Early 2015, 196). Also provided were favorable interest rates, over fifty thousand barrels of oil per day to Cuban refinery, and Venezuela floating of credit and leniency for late payments. In exchange, Castro provided services in the form of technical assistance as well as thousands of "Cuban doctors, educators and coaches" (Early 2015, 197). The number of barrels of oil traded increased to over one hundred thousand per day in the latter years of Chavez' reign. Although the favorable relationship given Cuba often caused domestic political strain, Maduro continued Chavez policy. Maduro's ultimate ability to afford it financially and politically was highly suspect.

One thing the Cuban example shows is that the U.S. government was essentially powerless to prevent sanction busting by allies and adversaries (Early 2015, 205). Post-Cold War China set up an aid based and trade based hybrid for Cuba and North Korea – merely having one benefactor would not be enough to self-sustain or prop up each regime (Early 2015, 209-210).

*ISS Roundtable: A Criticism of Bryan Early's Approach*

The response to Early's (2015) work was critical in nature. Susan Allen (2017) charged that Early does not state whether governments actively or passively set conditions for sanctions busting and therefore should have greater responsibility for their success. Perhaps this varies from case to case. The United Arab Emirates provided a laissez-faire weak government model that was taken advantage of by economic interests, to its own profit. Allen (2017) is critical of Early's U.A.E. description, particularly in the assessment of fault. What specifically did the U.A.E. government do? Was the creation of free economic zones contrary to the implementation of sanctions and thus run counter to the alliance and security pact shared with the United States? Did the U.A.E. misrepresent itself? Was the condoning policy that enabled sanctions busting a violation of treaty or international norm? And which entity should seek recompense – the sender state or the international community?

Early's book (2015) invites further exploration of sanctions busting at the firm level not state level for policy making, especially if a majority of sanction busting firms are U.S. owned. Navin Bapat (2017) gives a policy recommendation to pursue multilateral not unilateral sanctions (Early 2015, 215). He ties success in multilateral sanctions in the data set as 51% success compared to 31% success in unilateral sanctions. Overall, he applauds the use of sanctions due to the low bar of avoiding military conflict. Bapat (2017) also thanks Early (2015)

for pointing out a potential challenge for policymakers, and proposes future research into what steps or strategies can be pursued to avoid sanctions busting.

Eric Lorber (2017) presents his refute as a policymaker, not an academic. He agrees with Early of the need for research to keep pace with policy changes. New approaches include restrictions on financial markets (U.S. and E.U.), debt financing, and energy technological advances (oil extraction). However, in place of ‘might makes right’ there is a world where those with “technological superiority and attractive capital markets” set the rules/norms of state behavior (even operating outside U.N. ideal of one state – one vote rules) – Russia (debt financing) and Iran (markets). Lorber (2017) describes the oversimplification of relationship between sanction busting private sector and government enforcement capability. Early’s (2015) qualitative and quantitative analysis does not seem to fully grasp at a state’s ability to legitimately restrict sanctions busting. Lorber (2017) gives an important caveat to his own critique: post 2002 lack of data and the difficulty of pulling trade from financial market activity. Again, there seems to be consensus on the need for more comprehensive research.

Mark Souva (2017) discusses why sanctions fail. He asserts that the imposition of economic sanctions could in actuality be an unintended signal that the state lacks resolve to use military force. The fact that many sanctions episodes involve compliments to military action makes this parsing a difficult maneuver. Finally, there remains an omitted question: what constitutes success? If busting is likely, are sanctions worthwhile?

Bryan Early (2017) agrees with his critics that many of the questions they pose stem from the dearth of adequate research. Early (2017) asserts that parsing over unilateral versus multilateral sanctions—particularly when multilateral is simply the United States plus one—belies the likelihood of sanctions success tied to acceptance by third party states of the target.

Early agrees with Lorber (2017) that recent U.S. sanctions policy, especially in regards to Iran, appear to be better suited to achieving success. However, Early (2017, 12) does not see “financial sanctions as an effective strategy,” using E.U. failed attempts to block the Russian annexation of Crimea. He also questions whether firms or governments are ultimately responsible for sanctions busting: “My theory argues that profit-seeking firms are the drivers of which states become trade-based sanctions busters” (Maddux 2017, 13).

Early (2017) thanks the contributors to the roundtable for shedding light on questions not yet addressed in the literature. Future research and theoretical inquiry can only seemingly help the field of academic study. Early found that by just having one trade based buster significantly reduces likelihood of sanctions success. Having more than one all but guarantees failure (Early 2015, 210). The U.S. sanctions busting and lack of effective enforcement against allies and adversaries provides a ‘best example theory confirmation’. Early’s (2017) advice to U.S. policy makers is a call for consistent enforcement; otherwise sanction busting emerges as an exercise in cost benefit analysis.

Like Peter Andreas (2005), Bryan Early (2015) suggests future research on the effects of economic sanctions on neighboring and third party states. There exists a significant gap in the research on how sanctions affect regions, not just the sanctioned state. Ultimately, the impact of Early’s study (2015) will best be realized when the questions posed are thoughtfully considered and valued by policy makers prior to initiating or perpetuating various sanctions episodes. Both authors present a caveat to the use of economic sanctions. Future sanction regimes ought to heed their warnings when assessing potential harm that can develop in a sanctioned state.



## *Chapter 5: Case Studies*

To fully realize the impact of economic sanctions, an examination of several case studies is appropriate. The research makes clear the importance of past sanction episodes on future policy decisions. The ultimate success of sanction episodes should be judged based on levels of effectiveness, such as achieving intended result(s), avoiding unintended consequences, and the long-term stability of targeted state. This analysis will be applied to sanctions in the 1990s in Haiti, Iraq, and former Yugoslavia. These cases were selected due to the ability to assess lasting effects. Also included is a brief examination of recent sanctions on Iran and North Korea, which present excellent candidates for future research.

### *Haiti: The Dark Side of Globalization*

Haiti was placed under regional comprehensive sanctions in the early 1990s, after a military coup overthrew the democratically elected Aristide government. Although the regime was publicly supported, there were doubts as to the effectiveness of government services rendered to the populace in need. Initial sanctions were imposed by the United States and the Organization of American States (OAS). The United Nations backed the sanctions efforts, and later approved the use of military force to stabilize the country. Unfortunately the impact of imposed international sanctions effectively halted the Haitian economy and denied the people basic humanitarian needs. Haiti was tied to international trade and supply – a blockade of major cities and the capitol Port au Prince severely hampered the economy. Haiti was not set up as a self-sustaining economy. The halt on port entry threatened internal distribution networks and strengthened military rule as the people depended solely on the military for supply of needed goods, including humanitarian aid.

Haiti was historically conditioned to governing by brutal elites. There existed an established ‘winner-take-all’ political culture. Mistrust in institutions was historically significant. Corruption was entrenched and instilled from without and within. Dempsey and Fontaine (2001, 3) found that “when the U.S. government departed Haiti in 1934, according to one Haitian historian, it left ‘some good roads and a few schools, but little democracy.’ It also left a U.S.-trained paramilitary that brutalized the Haitian people and dominated Haitian politics for several decades to come.” It appears the Haitian aversion to any foreign intervention, economic or otherwise, has historical roots beyond the casting off of imperialist chains. Therefore, the imposition of economic sanctions on a country long known to reject international influence—whether from France, the United States or the United Nations—was practically doomed to failure. As in many sanctions cases, the sanction regime provided a greater enemy for corrupt governing officials to point to as the source of economic hardship.

Most research concedes that Haiti’s problems of a weak economy and limited trade networks were not caused by sanctions; rather, sanctions simply exacerbated a poor economic infrastructure that was already there. However, the negative effects of having the world blockade a country and stand opposed to sending help perhaps set domestic trust levels (already weak) to an all-time low. Humanitarian military presence subject to a quick draw-down also signaled the Haitian poor to their importance on a global stage. The internationally supported Haitian governing regime showed an inability or unwillingness to ask for international assistance, if that assistance merely came in the form of military action or strengthening existing channels of oppression. Domestic political and social rivalries exacerbated a tenuous situation, where aid workers faced difficulties both externally and internally.

Starting from a position of relative economic poverty did not help matters. Despite democratically elected leaders, civil unrest reflected the hopelessness endemic in Haiti's economic situation: "When Jean Baptiste Aristide became President in February 1991, one half of the labor force was unemployed, one half of all adults could not read, one fifth of all children had never attended school, and one third of the population lacked access to modern health services" (Gibbons and Garfield 1999, 1499). Many Haitians worked for low pay in the garment, electronics, sports or toy assembly industries. The average worker supported six dependents. The boycott of these industries led to the loss of income for a quarter of a million residents. The closing of factories affected service industry jobs as well, including meals and other services. Unemployed urban poor flocked to rural support networks, willing to work for less wages and increasing demand of food that used to be directed to the cities. As demand for exports plummeted, eliminating income from steady jobs in this sector, imported goods were more expensive, including the price of oil. Higher oil prices strained trucking supply networks to get agricultural products to the capital, Port-au-Prince, where 30% of the population resided. Even worse, early humanitarian aid vessels were turned out of port due to inefficient and corrupt internal receivers.

The embargo on imported kerosene led to a dramatic rise in charcoal consumption – the production of charcoal a key contributor to deforestation. Unemployed urban poor moved in with rural relatives. Overcrowding and the lack of provided services were experienced in rural and urban areas. Haitians sold possessions and assets to survive; for example, the number of households with televisions went from 42% to 11% in one small city (Gibbons and Garfield 1999, 1500). Worse, Haiti's own government inefficiencies and mismanagement worked against the basic needs of the people: "Supply problems stemming from the embargo were compounded

by political repression, resulting in less-active committees and reduced maintenance” (Gibbons and Garfield 1999, 1501). The majority of water facilities were in disrepair. Garbage piled up in the city streets. Those in positions of power did not accept the responsibility of serving the people’s basic needs.

Through all of this, Haiti became an example of the unintended consequences of sanctions. In a world envisioning greater cooperation among liberal nations, little thought is given to those under punishment or banishment from the world economic order. Haiti provided a crucial manufacturing and production hub to an emerging global economy. But its importance mattered much more to Haiti itself than to the world. Haiti needed the world more than the world needed Haiti’s meager contribution. Plenty of countries exist with cheap labor and spotty capital improvements. By the logic of economic sanctions, Haiti would seemingly make a perfect candidate for eventual success, as one day of the embargo would surely lead to decisive action to return the country to normalcy. Unfortunately, repressive regimes are not quick to yield power for the benefit of the objects of their repression. And Haitians culturally were less prone to accept assistance or decisions made by international actors on their behalf.

Still, Haiti managed to avoid complete catastrophe through its period of sanctions. In spite of government corruption and ineptitude, “widespread famine was avoided, epidemics were contained, and at least minimal social services were maintained. These were important achievements. Although a humanitarian disaster was averted, economic decline and social dislocation were not.” (Gibbons and Garfield 1999, 1502) The move to rural areas, adding to the average number of dependents per household, changed demand for services and food. The service industry could not keep up. Many of the rural poor walked miles to obtain clean water, or went without. This caused a strain on health infrastructure. But the greatest blow was the

inability to compete or even participate in the global marketplace, which had far reaching effects to Haiti's political health and well-being: "In reducing educational and health opportunities, sanctions also reduced Haiti's ability to participate in the global economy and to subsequently stabilize and develop into a democracy" (Gibbons and Garfield 1999, 1502).

Were sanctions effective in Haiti? Haiti is often referenced for the humanitarian costs of imposed sanctions. Although a humanitarian disaster was averted, unintended costs to democratic stability and economic progress were great. Another round of sanctions was imposed just a decade later, again due to political instability and democratic subversion. The case of Haiti should be analyzed for the economic ramifications of what happens when a state is expelled from the world economy. Despite political rehabilitation, lost economic market share left Haiti in a precarious position. Political instability, poverty and internal corruption lasted well beyond the sanctions regime. Although sanctions assisted in restoring a democratic leader, the sanctions episode did not leave Haiti in better position to avoid such a disruption in the future.

#### *Iraq: Economic Siegecraft*

Iraq represents a case of inflicting economic damage while maintaining humanitarian stability. In regards to the effects on GDP in the era of sanctions, Hufbauer et al. (2011) note that sanctions prior to 1985 averaged 1.5% GDP while post 1985 (excluding Iraq) averaged 3.3% (Hufbauer et al. 2011, 105). Iraq was not new to the position of international 'other'. It was possibly branded a 'rogue state' as far back as the Iran-Iraq war of the 1980s, but at least by the invasion of Kuwait in 1990. The global unity in condemning Iraq's invasion of its southern neighbor signified a new era of multilateral military cooperation. Most nations took part in the U.S. led, U.N. sanctioned liberation of Kuwait. Likewise, most nations supported the comprehensive sanctions imposed on Iraq in the mid to late 1990s.

Sanctions on Iraq still brought humanitarian damage, particularly harsh on a country recovering from war. Yousif (2013, 12) considered, “the devastatingly tight economic sanctions regime that followed [the 1990-1991 Gulf War] kept the country from rebuilding. Infant mortality and malnutrition soared, inflation wiped out middle class savings and incomes collapsed.” Again, the detrimental impact of economic sanctions increased under the thumb of a repressive ruler who relied on military strength over securing the will of the people. As if learning from the crisis in Haiti, steps were taken to avoid an outright humanitarian crisis. Early in the sanction regime, the United Nations established a system of oil for food, though the amount allowed paled in comparison to the needs the Iraqi economy had. As early as July 1991, “a UN interagency humanitarian mission to Iraq...recommended that Iraq be permitted to resume limited oil sales to finance urgently needed humanitarian supplies” (Fine 1992, 36). Smuggling networks were created, but to the benefit of neighbors like U.A.E. rather than the Iraqi economy; Yousif (2013, 10) notes, “from 1990 to 2003, Iraq languished under comprehensive UN sanctions that prohibited foreign trade.” As in Haiti, removal from the world economy may have been the most lasting effect.

In the years since the decade of economic sanctions, Iraq has not resumed prominence in regional trade. Despite removal of an oppressive regime, restoration of democratic structure, and military stabilization, Iraq has not experienced the booming economy experienced across the region. As in Haiti, there were multiple reasons for the malaise: “Critics note the endemic corruption, elevated poverty rates, continuing insecurity, bureaucratic wrangling and poor public services that still characterize economic life today, ten years after the removal of sanctions” (Yousif 2013, 10). In recent years, the rise of ISIS, the slow rebuilding of infrastructure and the continued marginalization of Iraq in the world economy all kept Iraq as a global ‘have-not’.

Further instability from the ruling regime leaves little faith that, post-sanctions, Iraq will return to a position of regional health, let alone dominance.

The marginalization of Iraq received the backing of the general global consensus. Alnasrawi (2001, 208) notes, “UNSC Resolution 661...and subsequent sanctions resolutions created a set of conditions which virtually cut Iraq off from the world economy.” In effect, the United Nations, a bastion of liberal internationalism, was signaling world actors that the emerging global economy was a privilege not a right. For those rogue regimes and bad actors that resist prevailing international norms, the global economy could be an exclusive club from which one could be expelled. This stigmatization ultimately provides a world of winners and losers and heroes and villains, which is contrary to the competitive cooperation that truly surrounds liberal internationalism. These lasting effects of the use of sanctions ought to lead the international community to reconsider acceptable coercive action.

Critics claim the U.N. quick to punish and slow to correct: “It was not until April 1995 that the UNSC decided to revisit the issue of sanctions when it adopted Resolution 986 allowing Iraq to sell \$2 billion-worth of oil every six months to provide funding...and to help Iraq purchase food and medicine” (Alnasrawi 2001, 212). The impact of the U.N. bombing in the 1990-1991 Gulf War left Iraq crippled in energy, transportation and general infrastructure. As the Iraqi economy relied on oil production and sales, the embargoes and restrictions on Iraqi oil removed a viable source of income for the rebuilding system of infrastructure. Corruption was rampant in the system: “In April 2004, the U.S. General Accountability Office, the investigative arm of the U.S. Congress, calculated that Iraq illegally earned over \$10 billion from oil smuggling and the systematic extortion of kickbacks from firms trading with Iraq through the U.N.’s Oil for Food Program between 1997 and 2002” (Andreas 2005, 353). The international

community was slow to realize and even slower to provide lasting changes to a sanctions policy that expressed displeasure yet accounted for the humanitarian needs of the war torn state. Iraq relied on food imports to survive. The inability to import without U.N. permission and supervision and the difficulty in distribution served the purpose of showing every Iraqi citizen exactly where he or she ranks in the world community. Economic recovery was nearly impossible as long as sanctions remained in place due to the nature of Iraqi reliance on oil exports, food imports, and foreign debt and access to financial markets.

Despite providing a source of illicit gain, the economic benefit from the humanitarian exemption did not put Iraq on the road to recovery. Alnasrawi (2001, 213) is critical of the lasting impact of sanctions: “As to the impact of the Oil-for-Food Programme, its contribution to the well-being of the people of Iraq has been minimal in that it failed to reverse the deterioration in the social and economic conditions of the country.” As in Haiti, the distribution and proper storage of food and medicines was negatively affected by a spotty infrastructure. The Iraqi population was devastated: “Estimates of the number of people who lost their lives because of the sanctions range up to 1.5 million people, including more than 500,000 children. The World Health Organisation concluded that the health system had been set back by some 50 years” (Alnasrawi 2001, 214). Sanctions truly hurt—particularly the poor and disadvantaged.

As Iraq emerged from the devastation of war and sanctions, some reconstruction of its local economy was helped by a rapidly expanding public sector. Over 40% of the Iraqi labor force works in public sector jobs, helping reduce unemployment from 38 percent to 20 percent in 2013 and raised average incomes (Yousif 2013, 12). But with government revenues tied to the export dollars of Iraqi oil, where price fluctuates and an international consortium (OPEC) determines supply, domestic policy can merely serve as a redistribution vessel for revenues Iraq



is under no guarantee to receive. The one thing Iraq cannot afford is additional military conflict, domestic or foreign, that threatens an already shaky infrastructure. Iraq is fully dependent on world power brokers, both regionally in OPEC and internationally in the United Nations sanction regimes, to survive. Iraq has no choice but to stay, as best as it can, in the good graces of prevailing regional and world hegemonies. The health of the economy and the survival of its people depend on it.

In this case, sanctions imposed did not lead to regime change or even behavioral change. Most of the talk on WMDs was to solidify political power for the Hussein regime. Shaking a fist at U.N. weapons inspectors was a way to earn sympathy from the Iraqi people and establish the threat of the world order upon their very livelihood. Any reports of lack of food or starvation supported the narrative that the world was against them. Seeing other Gulf nations grow rich on oil reserves merely exacerbated the political impact utilized by bad governance domestically. The existence of military intervention, both in the early 1990s and in 2003, makes ill effects of sanctions difficult to study. It is nearly impossible to separate the impact on economy and services due to military activity as opposed to targeted or comprehensive sanctions. Most countries choose to allocate resources differently in warfare than in times of peace. The destruction of transportation and energy infrastructure from both military engagements affected Iraq's ability to provide government services to its people, regardless of sanctions. Restrictions on trade, lack of access to financial markets, and determination as a world 'bad actor' merely compounded the struggle to recover economically from protracted war.

*Former Republic of Yugoslavia: Promoting Bad Behavior by Punishing Bad Behavior*

Comprehensive sanctions were placed on the Former Yugoslav Republics of Serbia and Montenegro over their involvement in sectarian violence in Bosnia and Herzegovina. These

sanctions were established by the United Nations in 1992 and lasted nearly a decade.

Humanitarian exemptions existed, but the bureaucratic inefficiency of submitting requests even for medicine and humanitarian aid encouraged the use of back channels and smuggling networks. Yugoslavia was in a much better position to endure the humanitarian impacts of sanctions, as it produced the majority of its own food. However, the ruling Serbian regime under Milosevic, already targeted due to policies favorable to ethnic cleansing, could not be relied on to ensure medicines and food equitably distributed.

Sanctions brought additional problems. As Andreas (2005) notes, “sanctions did, however, greatly exacerbate the economic crisis and, equally important, gave the Milosevic regime a convenient external source to blame for the growing economic hardship—even as those close to the regime were becoming rich from war profiteering and sanctions evasion” (Andreas 2005, 341). The ruling authority made sure the people felt the brunt of sanctions, in an attempt to cultivate nationalist sentiment by showing the world was against them. Garfield (2001) found that the ability to ship goods had an effect on the population: “Though humanitarian goods were exempted in principle, economic sanctions limited their availability” (Garfield 2001, 580). When a corrupt regime controls internal distribution networks, even humanitarian aid is scarce to those on the political outs. Yet many rural areas were self sustaining in food production, unlike the cases above. Iraq depended on foreign imports for food, while sanctions in Haiti caused greater strain on natural resources due to charcoal production as a heating substitute.

The ability to produce its own food, coupled with the Cold War experience of resisting foreign pressures, produced in Yugoslavia a rather interesting dynamic. The Serbian people embraced the role of outcast and international ‘other’ in an accepted resistance to yet another

foreign pressure. Resistance to sanctions imposed over support of Bosnian Serbs was a nationalizing effect in government propaganda. According to Babic and Jokic (2000):

Far from facilitating change, sanctions fortify the status quo and lead to the de facto surrender of strict moral criteria. This is manifested in the population's readiness to acquiesce to much hardship over a prolonged period. These are conditions that they would not otherwise tolerate. As they absolve the regime of responsibility for its failures, the sanctioned adopt lower moral standards and exhibit general decline in moral consciousness (Babic and Jokic 2000, 93).

The social component to state marginalization involves accepting what cannot change: namely international perception. This very concept may have been psychologically realized in Haiti and Iraq as well – despite lack of depth in the sanctions research. Sanctions discourage the populace from believing in an adequate place at the table, just as regional partnerships, particularly the European Union, were elevating members both politically and economically. While neighbors grew in strength, former Yugoslavia grew in disdain.

Instead, sanctions encouraged a lucrative emerging market of sanction busting from surrounding states. In the highly competitive European financial and export markets, countries savvy and willing to engage in prohibited distribution found potential profits too good to pass up. Peter Andreas (2005) considers,

At the political level, the most important criminalizing effect of sanctions is that the targeted regime may go into the business of organized crime to generate revenue, secure supplies, and strengthen its hold on power, fostering an alliance with clandestine transnational economic actors for mutual gain. This alliance may, in turn, persist beyond the sanctions period. At the economic level, the most profound criminalizing result of sanctions can be to push economic activity underground and dramatically inflate the profitability of illicit commerce (Andreas 2005, 336).

Sanctions did not create criminal behavior – much of this proclivity was already there. But they helped fan the flames in a mix of patriotic resistance and good old fashioned profiteering.

Resistance is a social and cultural norm long established in Eastern Europe. Bootlegging of any banned substance can be found in even the most modern, progressive democracies.

Andreas (2005) concedes that sanctions do not necessarily create criminalized behavior, and not every regime under sanctions embraces illicit smuggling networks. However, even if busting sanctions is not officially promoted, economic sanctions provide strong incentives to engage in criminal networks and illicit trade: “The Milosevic regime’s sanctions-busting apparatus relied on a regional support structure utilizing immediate neighbors as transshipment points. Thus, even while not directly targeted by international sanctions, countries such as Albania, Romania, Bulgaria, and Macedonia directly experienced their criminalizing effects” (Andreas 2005, 345).

Governments under sanctions can use these networks to supplement income and reward supporters. And the willingness to embrace illegal activity trickles down to the populace these leaders serve. Sanctions leave a lasting imprint on society. As Andreas (2005, 337) notes: “At the societal level, the most significant criminalizing consequence of sanctions is the potential of fostering ‘uncivil society,’ reflected in a higher level of public tolerance for lawbreaking and an undermined respect for the rule of law. Smuggling may not only become perceived as ‘normal’ rather than deviant, but it may even be celebrated as patriotic.” Sanctions have ill effects on the respect for legality, both internationally and domestically. Andreas (2005) offers a criminalizing profile that matched the case study of Serbia and Montenegro (Former Yugoslav Republic), one that partially applied to the cases of Iraq and Croatia.

Neighboring Albania also embraced illegal smuggling, reflected in the economic boom and bust during and after sanctions. Strengthening illicit economies appears to be a common side effect to sanctions. Albania’s economic boom was experienced when a network of sanctions evasion was created and its subsequent bust when the end of sanctions introduced lower prices and tougher competition among regional neighbors (Andreas 2005, 348). The duration of sanctions can assist criminal networks to engage in and strengthen above ground economic

channels. This was not the case for Albania, but may have involved key actors within former Yugoslavia that would be prime candidates for targeted economic sanctions. The ability to track trade engaged in below the surface and have a realistic view of the effects of sanctions determines their ultimate success or failure.

Ultimately, Andreas (2005) found similarities and differences between Yugoslavia and Iraq. One similarity is imposed sanctions and civil unrest. Andreas (2005, 355) asserts: “The basic difference is that, for the FRY [Former Republic of Yugoslavia], an important part of the criminalized legacy of the sanctions has been the degree of institutionalization of the Milosevic-era sanctions-busting networks. For Iraq, almost the opposite problem has emerged: a vacuum created by the apparent destruction of previously dominant institutions.” By eliminating institutions as a unifying feature, sanctions are isolated as the key variable causing distress. Though sanctions accomplished their intended goals, unintended consequences were encountered. Further study of the criminalizing consequences of sanction regimes is appropriate.

#### *North Korea: The Rogue Sovereign*

The dark side of sovereignty is when a nation chooses to be marginalized. The politicized rhetoric of the Kim regime is fueled by the world turning its back on the ‘Hermit Kingdom.’ The Kim regime has long used its stigma as international rogue in state run propaganda and in attempts to fuel nationalist sentiment. Though recent attempts at goodwill diplomacy have occurred in the Olympics, the divided state of Korea does not seem any closer to unification. North Korea’s nuclear and intercontinental ballistic missile testing program has shaken a fist at the world governing body. The entire world is interested to see if a proposed Trump-Kim meeting will take place and if the goal of nuclear nonproliferation will have any staying power.

Still, positive trends are emerging, and some are attributing the change to the impact of sanctions. However, the change in North Korean regime behavior is still supported by the general consensus on sanctions. Sanctions must be multilateral. Until China fully embraced international efforts to isolate North Korea, the Kim regime did not truly feel the full effects of sanctions. Despite turning to Russia as a potential UN sanctions buster, the North Korean regime is truly at an economic disadvantage without China (Ramani 2018). A third of North Korean exports declined in 2017 thanks to Chinese support (Vaswani 2018). To some degree, the positive impact of sanctions is the revelation of economic strength without them. A combination of sanctions and diplomacy has forced the hand of the Kim regime to consider denuclearization, a missile test ban and even political reconciliation with South Korea.

It is genuinely concerning to note that North Korea has the most staying power of all rogue states. In the 1990s, the Security Council deemed Iran, Iraq and North Korea as rogues in the area of nuclear proliferation. Not much has changed, other than wars and sanctions that led to deposing leaders like Qaddafi and Hussein and the stabilization of the Iran nuclear deal, as discussed below. North Korea is an area that demands future sanctions research, particularly in light of recent events. But the continuing use of sanctions begs one very important question – must there be villains in order for liberal internationalism to succeed?

#### *Iranian Nuclear Deal – Did Sanctions Induce Change?*

Iran is no stranger to the impact of extraterritorial coercion. From the deposition of the U.S. backed Shah in 1979 to the resisted influence of China and Russia, the Iranian revolutionary spirit and desire for self determination have a long and storied history. The Iranian Revolution and U.S. Embassy hostage crisis from 1979 to 1981 dramatically altered the balance of economic power in Iran. Prior to 1979, the United States had a commanding market share (Early 2015).

Losing a primary trading partner left the new regime susceptible to economic sanctions, even unilateral ones, imposed from that state. Due to this, the initial round of sanctions imposed by the Carter Administration succeeded in pressuring the release of the hostages. Although diplomacy had failed, military involvement was avoided and sanctions were touted as the catalyst for a desired change. However, the release of imprisoned Americans may have been a modest goal of sanctions as opposed to regime change. Modest goals are more likely to succeed through economic sanctions (Hufbauer et al. 2011).

Sanctions imposed from 1981 to 2005 did not enjoy the same degree of success. The goal of eliminating terrorism and avoiding nuclear proliferation were less likely to achieve. Iran's regional and religious interests precluded abandoning resistance groups like Hezbollah and Hamas, particularly in the politically charged confrontations with Israel and the United States in Lebanon. Perhaps a second Cold War was forming between Iran and the United States, culminating in almost four decades of economic sanctions. However, as goals changed, so did Iran's ability to find alternate trade partners—notably across the Persian Gulf.

The United Arab Emirates provided a trade-based sanctions buster for Iran in the 1990s and 2000s. Oddly enough, former adversary Iraq also provided economic smuggling opportunities for Iran due to the political destabilization of the Persian Gulf War. After 9/11, the United States economic sanctions and military presence in Iraq greatly increased scrutiny, discouraging Iran from continuing to use its ports. However, despite a security pact between the governments of the United States and United Arab Emirates, the Free Trade Zones of Dubai and other emirates provided safe harbor for the Iranian demand for sanctioned goods. Surprisingly, the U.A.E. emerging as a sanctions-buster ran contrary to its security goals, particularly in regards to quelling Iran's nuclear ambitions.

Compliance with UN sanctions includes some give and take. Turkey reduced their imports of Iranian oil and gas, but received a waiver from complete boycott due to energy security concerns (Katzman 2015, 707). Turkey's position as a NATO ally of the United States perhaps helped leverage this exemption. Still, the complicated energy and trade relationships that exist among regional neighbors highlight the caution that must be put on any sanctions regime. Pressuring Iran to end its support of terrorist groups should not result in undermining a regional neighbor. The entire episode of sanctions leading to a nuclear deal is ripe for further research.

	<b>Haiti</b>	<b>Iraq</b>	<b>Yugoslavia</b>
<b>Duration</b>	1991-1994	1990-2003	1991-2001
<b>Sanctions Effective</b>	Yes. Democracy Restored in 1994	Assisted by Military Involvement	Assisted by Military Involvement
<b>Intended Target</b>	Yes. Military Regime targeted.	No. Affected general population.	No. Not properly targeted to Regime
<b>Unintended Consequences</b>	Economy decimated. Move to rural areas.	Impact of war on Infrastructure	Transnational Criminal Networks Established
<b>Societal Impact</b>	Political Instability led to coup 2004, Additional Sanctions	Instability, Sectarian Violence, rise of ISIS	Norm Avoidance and Profiteering; War Crime Tribunals

Figure 5.1 – Levels of Effectiveness of Economic Sanctions



## *Chapter 6: Conclusions*

Economic sanctions are a familiar tool of international statecraft. The literature is critical of their use but falls short of recommending alternative options. War and military action are to be avoided at all costs. An accepted cost is the unintended consequences of economic sanctions that affect the populace of a rogue regime. Over time, sanction regimes have endeavored for multilateral cooperation and specific targeting. Corporations, industries, and elites are targeted in order to pressure those who directly support or benefit from international ‘bad actors.’ In order to achieve some sort of global general will, sanctions (or some form of coercive measure) must exist to promote norm compliance.

Regarding hegemonic theory, it is naïve to imagine economic or political reasoning existing independent of one another. In the case of the Soviet Union financially supporting Cuba, the political will to continue sanctions did not outlast economic viability. Similarly, economic incentives have political ramifications. In the case of Albania, a political motivation to develop its trade infrastructure could accompany the economic incentive. Seeing its neighbors mired in war – both civil and international – could offer a state the political motivation to strive to emerge into a regional power struggle. Emerging hegemon understand the need for economic market share in asserting regional influence. The United States, as the leading political and economic power, is able to employ economic sanctions as a coercive tool to influence state behavior (Kaempfer and Lowenberg 1992, 16). Financial sanctions and trade restrictions affect a state’s ability to exercise power and influence in the global marketplace.

The use of economic sanctions is consistent with liberal internationalism. As unilateral efforts are discouraged, states turn to regional and international coalitions to assert norm

compliance. The desire for engagement in global trade establishes consent to the propagation of the general will. The continued reliance on sanctions in a world of growing economic interdependence establishes a system of consequences and missed opportunities for states that refuse norm compliance. The United Nations acts as a collective enforcer of that general will. Sanctions are employed under the authority of Chapter VII of the U.N. charter (Cortright and Lopez 1995, 20). Regional bodies, such as the European Union or the Organization of American States, can also take leading roles in assuring norm adherence.

Sanctions are constructivist. Just as regional and international organizations are constructed for a purpose, sanction regimes are constructed to further certain goals. The imposition of sanctions on one bad actor can also serve as a deterrent to other potential rogues considering behavior that would lead to economic losses. Sender states, by accepting costs to their own firms, prove the importance of international norms by bearing part of the burden. Sanctions may be critiqued as a sort of post-colonial authority, choosing the winners and losers in the global economy. However, as long as expectations are communicated fairly and openly through international channels, states should understand what behavior invites sanctions and be able to avoid such undesirable policies.

As the most common originator of economic sanctions, the United States may invite unfair classification as a global meddler. It is easy to find literature critical of U.S. foreign policy. Most endeavor for the United States to reduce its role as a hegemon in a multipolar world. Many cry for multi-polarity or collective hegemony through “democratic” international institutions, such as the United Nations. An accurate assessment of how democratic these institutions actually are, when power and influence is wielded in different amounts by different actors (for example: U.S. monetary support of the IMF and World Bank; Security Council veto

power over the UNGA) will be reserved to further study. However, it is worth noting that many studies focus on the overarching policy behind US foreign policy (meddling and ‘nation building’) and fewer critical analyses are given to the tools of that meddling. Dempsey and Fontaine (2001) examine many of the targeted theaters of U.S. foreign intervention mentioned in the cases above. These include Haiti, Bosnia and Kosovo. There does not seem to be a mentioned correlation between attempts at nation building and economic sanctions. Perhaps this focus represents a missing control variable from the research: do attempts at ‘nation-building’ undermine or support the likelihood of success of imposed economic sanctions? What can be gleaned from Dempsey and Fontaine’s work is that any political or economic meddling carries strict responsibility: “Nation building is perhaps the most intrusive form of foreign intervention. It is the massive foreign regulation of the policymaking of another country” (Dempsey and Fontaine 2001, 2). Nation building represents a form of economic and political imperialism and stands contrary to the American ideal of self-determination of nations—a principle supported within liberal internationalism.

Dempsey and Fontaine posit that the concept of nation building is linked to postcolonial modernization. In a New York Times profile, Clinton national security advisor Anthony Lake promoted ‘neo-Wilsonian’ foreign policy “in which the United States uses its military and economic power to intervene in promoting democracy” (Dempsey and Fontaine 2001, 6). But if a better way exists, it is so far absent in policy and research. Further, if the United States can be fairly assessed for colonial use of sanctions, what about the United Nations? Is the United Nations merely a colonial power exerting its will on smaller, poorer states? Or is this simply a complaint from those states unable to find a democratic coalition within a responsive

international community? Post-colonialism warrants a theoretical critique, but sanctions remain consistent with liberalism and constructivism.

Should the international community discourage the use of economic sanctions? Despite a one in three success rate, sanctions provide at worst a form of economic coercion and at best a form of signaling of the general will of nations. Christopher Joyner applauds sanctions as a catalyst for greater international cooperation: “States must work together to make sanctions work well. Members of the United Nations must exercise sufficient political will, national determination, and sometimes economic sacrifice to make international sanctions work” (Cortright and Lopez 1995, 85). Unilateral sanctions may not fully disappear in a world where nationalist far right movements give fuel to the assertion that international consent is unnecessary, but states may begin to see that international cooperation can assert shared goals. Mutual security and economic prosperity are supported by both sides of the political divide. Domestic firms may lose potential economic opportunities, but overall stability provides a better environment for future gains.

Constructed norms and institutions warrant examination. If economic coercion is *not* seen as a sin, then trade embargoes, blockades and media shaming can continue unpunished and uninhibited. Allies should not cause a fuss over newly crafted sanctions episodes, no matter the target or the methods. Saudi Arabia can effectively impose standards in Qatar without firing a single shot using the following methods: travel restrictions, airline ban, and a ban on local media. However, even targeted sanctions have concerns on proper implementation and effectiveness (Gordon 2011, 324). The concept of state sovereignty should permit states to impose trade restrictions on other states. Media pundits already envision a trade war based on Trump’s steel and aluminum tariffs. Can exercising one’s economic sovereignty with another state be outlawed

by the World Trade Organization to force consent with globalization of trade? Should states be allowed to 'opt out' of the global economic order? Forced compliance to trade is not the same as forced compliance to norms.

As for sanctions, a general policy recommendation is to consider all possible ramifications before engaging in sanctions. Humanitarian concerns, loss of market share, and a realistic assessment of changed behavior should all be considered. Sanction regimes are much more effective when used as positive rather than negative, carrot instead of stick (Hufbauer et al. 2011, 169). Policy makers should exercise restraint in determining economic measures that might be popular domestically, yet impact a foreign populace and foreign credibility. Domestic firms should not have to move out of sender states simply to operate unhindered in the world economy. Sanctions are assumed to endure beyond American hegemony (Ikenberry 2011). Overall, sanctions provide a necessary feature of cooperative statecraft – the ability to signal or coerce other states into norm compliance. Economic sanctions play a vital role in establishing international norms and upholding a general consensus and therefore help preserve the liberal world order.

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